



REPORT OF THE AUDIT OVERSIGHT COMMISSION FOR THE YEAR 2009¹

Warsaw, 22 April 2010

¹ This report covers the period from 6 June 2009 to 31 December 2009, in connection with the entry into force of the Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and public oversight (Journal of Laws No. 77, item 649).



Audit Oversight Commission

Warsaw, 22 April 2010

Ladies and Gentlemen,

I have the honour and pleasure to present the first report on the activities of the Audit Oversight Commission in 2009. The year was for the Polish oversight system for the statutory auditors' profession and statutory auditors' self-government particularly important from the point of view of organisational and structural changes. At present we are at the phase of developing an efficient, modern – and what is the most important – independent public oversight system. The expression of these actions is undoubtedly the entry into force of the Act of 7 May 2009 on statutory auditors, their self-government, entities authorised to audit financial statements and public oversight (Journal of Laws No. 77, item 649), on the strength of which on 2 July 2009 the Minister of Finance appointed Members of the Audit Oversight Commission.

I express my deep hope that changes initiated this year will bear fruit in the next years of elaboration of effective standards of the quality assurance system and public oversight, and the activities of the Audit Oversight Commission will contribute to the improvement of the quality of statutory auditors' professional activities and audits of financial statements carried out by audit firms. It will be connected with the intensification of reviews, however in consequence the confidence in financial markets will grow, and the financial information will be more reliable and useful for its users. In the era of uncertainty on the financial markets, the role of a statutory auditor constitutes a key factor of early reaction to the threats resulting from the challenges connected with the correct measurement of assets.

I would like to give special recognition and thanks to the Members of the Commission for an outstanding cooperation, involvement and extraordinary diligence and professionalism. I would also like to emphasize the role of the Bureau of the Commission, which is the administrative and consultative back office of the Commission, as well as give thanks for the effort to all individuals involved in the development of the new oversight body at the beginning. Invaluable input of work especially of the first Chairperson of the Audit Oversight Commission, Mrs prof. dr hab. Elżbieta Chojna – Duch, who presided over the Commission until 22 January 2010, and then took over the function of the Member of the Monetary Policy Council.

Yours faithfully,

Chairperson
Audit Oversight Commission

Dariusz Daniluk

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ABBREVIATIONS

ABBREVIATION	FULL NAME
EGAOB	European Group of Auditor's Oversight Bodies
KIBR	National Chamber of Statutory Auditors
KKN	National Supervisory Committee
KKR	National Internal Audit Committee
KNA	Audit Oversight Commission
Examinations Committee	Examinations Committee for candidates for statutory auditors
KRBR	National Council of Statutory Auditors
KRD	National Disciplinary Spokesperson
KSD	National Disciplinary Court
MF	Ministry of Finance
ISA	International Standards on Auditing
PCAOB	Public Company Accounting Oversight Board
SPPW	Swiss-Polish Cooperation Programme

LEGAL BASES OF THE FUNCTIONING OF THE SYSTEM

Directive

Directive 2006/43/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directive 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, hereinafter referred to as the directive.

Act

Act of 7 May 2009 on statutory auditors, their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649), hereinafter referred to as the Act.

Other

- Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223 as amended), hereinafter referred to as the Accounting Act,
- Regulation of the Minister of Finance of 15 January 2010 on the review of professional activities of statutory auditors and activities of entities authorised to audit financial statements (Journal of Laws No. 16, item 83), hereinafter referred to as the Regulation on reviews,
- Regulation of the Minister of Finance of 29 December 2009 on the qualification procedure for statutory auditors (Journal of Laws z 2010 No. 6, item 36), hereinafter referred to as The Regulation on the qualification procedure,
- Regulation of the Minister of Finance of 3 December 2009 on the obligatory third party liability insurance of entities authorised to audit financial statements (Journal of Laws No. 205, item 1583),
- Resolution No. 1 of 29 June 2003 of the Fifth National Assembly of Statutory Auditors on the statutes of the National Chamber of Statutory Auditors².

² According to Article 118(2) of the Act, the provisions of the Statutes ceased to be in force as of 6 December 2009.

1. THE PUBLIC OVERSIGHT SYSTEM FOR STATUTORY AUDITORS, AUDIT FIRMS³ AND SELF-GOVERNMENT OF STATUTORY AUDITORS

1.1. Market structure

As at 31 December 2009:

- 1) there were 7 741 individuals entered in the register of statutory auditors (4 908 women and 2 833 men), including 2 980 those working in the profession (those who, according to Article 3(4) of the Act, filed a notification about commencement and form of the professional activities of statutory auditors); the average age of a statutory auditor as at that day amounted to 57 years of age;
- 2) 1 925 entities were on the list of entities authorised to audit financial statements, including:
 - 1 240 – Activity carried out by statutory auditors in own name and on own account,
 - 596 - limited liability companies,
 - 32 - civil law partnerships,
 - 24 - professional partnerships,
 - 19 - cooperative auditor associations,
 - 6 - limited liability partnerships,
 - 4 - registered partnerships,
 - 3 - joint-stock companies,
 - 1 - cooperative.

It follows from the data from the correctly filled-in reports received until 30 March 2010 and handed over to the KRBR by entities authorized to audit financial statements (Article 49(3) of the Act) that in 2009 those entities carried out in total 23 827 audits of financial statements prepared for the year 2008, including 19 618 obligatory audits and 4 209 optional audits.

Additionally the revenue of entities authorised to audit financial statements on account of carrying out audit activities for the period from 6 June 2009 to 31 December 2009 amounted to PLN 307,592,145.98⁴.

1.2. Description of the system

Directive 2006/43/EC, which was approved in the middle of 2006, constituted a reaction of the European Commission to the scandals concerning the financial reporting of big corporations, such as Parmalat, Enron, or WorldCom and it is one of the priority elements in the policy of the European Community, which should protect the EU market against the occurrence of similar scandals in future.

The aim of the directive is to strengthen the confidence of investors and other interested parties in financial statements drawn up particularly by European stock exchange listed companies and to restore the prestige of the profession of statutory auditors and trust in the function of auditing financial statements. In this context the key role in the process of restoring investors' confidence in the financial markets is played by the enhancement of the importance of financial statements' audits. The above-mentioned objectives are to be achieved by the following means foreseen in the directive:

³ The Act uses the expression “entities authorized to audit financial statements”.

⁴ Those data come from the correctly filled-in and filed with the KRBR annual settlements of the annual fee on account of supervision, until 30 March 2010 (totalling 1 240) by entities authorized to audit financial statements.

- obligation imposed on Member States to establish a public oversight system for statutory auditors and audit firms – establishment of such a mechanism of public oversight of professional activities of statutory auditors turned out to be necessary, since, in the context of the above-mentioned scandals, the oversight based solely on self-regulation and administrative control turned out to be insufficient,
- coordination of systems of public oversight at the Community level – it will facilitate the exchange of information and working cooperation between those systems, which is necessary from the point of view of exercising oversight of statutory auditors and audit firms, auditing financial statements of companies listed in different member states,
- organising a system of cooperation between oversight bodies of member states with third countries (in particular with the American the PCAOB),
- introduction of ISA as obligatory rules for all audits of financial statements carried out in the EU,
- introduction of an obligatory system of auditing quality assurance,
- determination of uniform requirements concerning the independence of statutory auditors,
- determination of ethics principles for statutory auditors,
- determination of special requirements for entities auditing financial statements of public interest entities,
- determination of registration rules for statutory auditors from third countries.

The Directive provided for a two-year period for its implementation, that is until the end of June 2008 and the European Commission has taken up the role of coordinating and supporting member states in the work on the implementation of the directive to their legal systems (establishment of the EGAOB; organisation of workshops on the implementation of the directive, during which member states could present and discuss all doubts concerning the provisions of the directive and expect explanations and interpretations from the Commission).

The new directive should increase the reliability of drawn up financial statements, and, by this, contribute to the improvement of the security of business transactions in member states, better integration of capital markets in the EU and assurance of free flow of capital.

In Poland the directive was implemented by an act which entered into force on 6 June 2009 and which introduces a new public oversight system of the professional activities of statutory auditors, activities of entities authorised to audit financial statements, activities of self-government of statutory auditors and oversight of auditing quality assurance system.

Until 5 June 2009 a formal oversight of professional activities of statutory auditors and of self-government of statutory auditors was exercised by the Minister of Finance⁵. As opposed to the oversight exercised until then by the Minister of Finance, the newly established body's scope of competence as well as oversight and inspection instruments is much wider than earlier.

The public oversight system consists of the following elements:

- Audit Oversight Commission – a body of public oversight;
- National Chamber of Statutory Auditors – professional self-government, to the bodies of which, following the will of the legislator, some competence within the scope of oversight and quality assurance was delegated:

⁵ According to the provisions of the Act of 13 October 1994 on statutory auditors and their self-government (Journal of Laws of 2001, No. 31, item 359, as amended).

- ✓ National Assembly of Statutory Auditors,
- ✓ National Council of Statutory Auditors,
- ✓ National Supervisory Committee,
- ✓ National Disciplinary Court,
- ✓ National Disciplinary Spokesperson,
- ✓ National Internal Audit Committee,
- the Examinations Committee.

2. AUDIT OVERSIGHT COMMISSION

The KNA is an independent, collegial body of public administration formed on the strength of Article 63 of the Act.

According to the Act, the KNA exercises public oversight of the professional activity of statutory auditors, activities of audit firms and activities of the KIBR, professional self-government of statutory auditors.

The KNA acts during meetings that are convened and chaired by the Chairperson and in a circular procedure, with a reservation that resolutions are passed always during meetings. According to the Act, the meetings of the KNA are to be held at least once a month; however, the practice so far shows that they should be held at least every 3 weeks.

According to Article 71(1) of the Act, the members of the KNA receive monthly remuneration for the participation in its meetings. The Remuneration may not exceed the level of minimum salary for work⁶. The salary level for individual members is stipulated by the Minister of Finance in the act of appointment as the member of the KNA.

The KNA draws up a report according to Article 64(5) of the Act.

2.1. Members

The KNA has nine members. They are appointed by the Minister of Finance for a 4-year term. The Minister of Finance may dismiss the Member of the KNA in three precisely stipulated cases:

- at the member's own request,
- at the request of an entity which the member represents,
- if the member does not meet the requirements stipulated in the Act.

According to the Act, members of the KNA represent the following authorities:

- the Minister of Finance – 2 persons, including the Chairperson of the KNA, in the rank of the Secretary or Under-Secretary of State in the Ministry of Finance,
- the Polish Financial Supervision Authority – 2 persons, including the Vice-Chairperson of the KNA,
- the Minister of Justice – 1 person,
- the National Chamber of Statutory Auditors – 2 persons,
- employers' organisations – 1 person,
- the Warsaw Stock Exchange – 1 person.

The Act stipulates the following requirements for members of the KNA:

- they should have Polish citizenship,
- they should be capable of using all public rights,
- they should have gained a university degree in the Republic of Poland or a university degree abroad which is recognised as equivalent qualification in Poland,
- they should have an impeccable reputation,
- they should have considerable standing, knowledge and experience in the area significant for auditing, which ensure the proper fulfilment of duties,
- they may not be convicted under a final and valid court judgement for a deliberately committed offence or a fiscal offence.

⁶ **PLN 1,276** (announcement of the Prime Minister of 24 July 2008 on the level of minimum salary for work in 2009 - M.P. No. 55, item 499).

Additionally the Act states that most members of the KNA, that is five individuals, may not carry out auditing activities, have the voting right in an audit firm or be the member of the management board or supervisory board of an audit firm for the period of at least 3 years before their appointment as members and during their term.

After the entry into force of the Act on 6 June 2009, the Minister of Finance requested the statutory authorised entities to present their candidates to the KNA.

First members of the KNA were appointed by the Minister of Finance on 2 July 2009.

The KNA had the following members in 2009:

- Mrs prof. dr hab. Elżbieta Chojna-Duch – the Chairperson of the KNA⁷, a representative of the Minister of Finance,
- Mrs Dagmara Wieczorek-Bartczak – the Vice-Chairperson, a representative of the Polish Financial Supervision Authority,
- Mrs Joanna Dadacz, a representative of the Minister of Finance,
- Mr Bogdan Dębicki, a representative of the KIBR,
- Mr Andrzej Herman, a representative of the Minister of Justice,
- Mrs Ewa Jakubczyk-Cały, a representative of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange),
- Mr Piotr Kamiński, a representative of employers' organisations,
- Mrs Maria Rzepnikowska, a representative of the KIBR,
- Mr dr Andrzej Stopczyński, a representative of the Polish Financial Supervision Authority.

The biographies of members of the KNA are presented in Appendix No. 1.

2.2. Objectives

The KNA exercises public oversight of:

- professional activity of statutory auditors,
- activities of entities authorised to audit financial statements,
- activities of the KIBR.

The objective of activities of the KNA is to ensure an efficiently functioning oversight system of auditing quality assurance by establishing legal and organisational as well as procedural standards, and by operational activities.

2.3. Competence

The competence of the KNA, which is stipulated by the Act, may be characterised in the following way:

- approval of resolutions of the KIBR bodies in cases stipulated in the Act, including:
 - ✓ national standards on auditing,
 - ✓ standards on internal quality control of entities authorised to audit financial statements,
 - ✓ ethical standards of statutory auditors,
 - ✓ regulations of disciplinary actions against statutory auditors,
 - ✓ rules of obligatory continuing education of statutory auditors,

⁷ On 22 January 2010, the function of the Chairman of the KNA was assumed by Mr Dariusz Daniluk – the Under Secretary of State in the Ministry of Finance.

- ✓ rules of procedure for the Examinations Committee and other regulations in the area of the qualification procedure for candidates for statutory auditors,
- approval of annual review plans, drawn up by the KKN, with respect to the professional activities of statutory auditors and activities of entities authorised to audit financial statements, carrying out auditing activities in entities of public interest and approval of candidates for inspectors before their appointment and inspectors designated for individual reviews,
- performing, in the case of finding out about irregularities, a review of professional activities of statutory auditors and activities of entities authorised to audit financial statements,
- registering of statutory auditors and entities authorised to audit financial statements from third countries,
- appealing to the administrative court against the resolutions of the KIBR bodies which are not subject to approval,
- performing reviews of documentation constituting the basis for passing resolutions by the KRBR on the entry of a statutory auditor in the register or entry of entities authorised to audit financial statements in the list,
- international cooperation, in particular cooperation with the European Commission, oversight authorities of other EU member states and third countries.

2.4. Budget

2.4.1. Revenue

According to the Act, in connection with the functioning of the public oversight system, the state budget may obtain revenue on account of:

- share in the oversight fee, in the amount of 20%, paid by audit firms auditing financial statements of public interest entities⁸; transferred by the KIBR to the bank account of the state budget until 31 March,
- fees on account of entry in the register of statutory auditors from third countries kept by the KNA and entry in the list of audit firms from third countries (in 2009 – no applications),
- punishments imposed by the KNA on audit firms in the case of finding irregularities during a review (in 2009 there were no grounds to impose punishments).

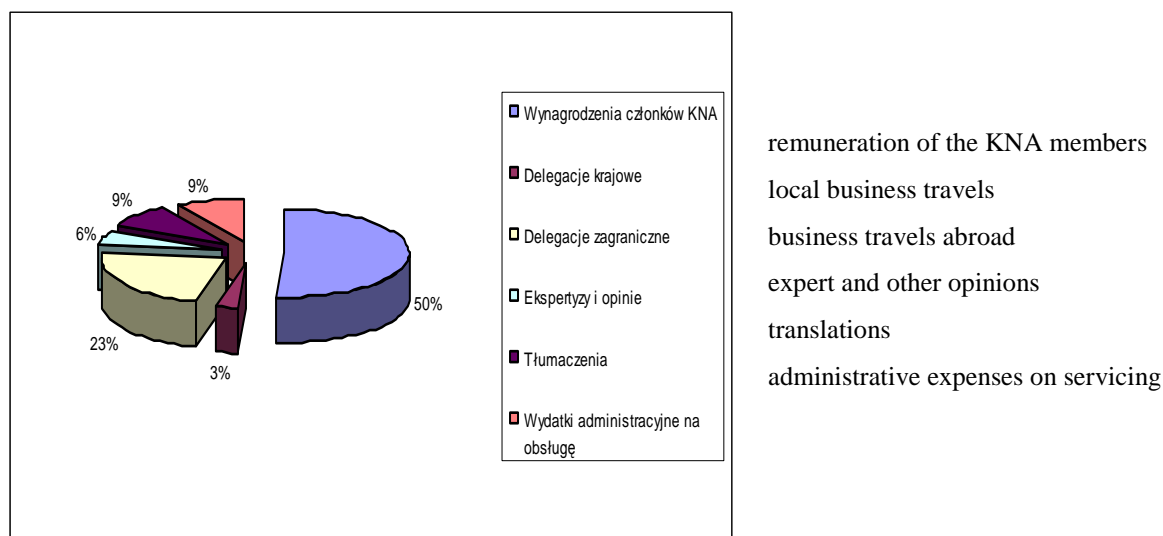
2.4.2. Expenses

The activities of the KNA are financed entirely from the state budget. The funds for its functioning in 2009 were released from the general reserve of the state budget, on the strength

⁸ According to Article 2 point 4 of the Act “entities of public interest” mean:

- issuers of securities admitted for trading on a regulated market of an EU member state, having its registered office on the territory of the Republic of Poland, except for entities of local government,
- domestic banks, branches of credit institutions and branches of foreign banks,
- cooperative savings banks,
- insurance companies and main branches of insurance companies as well as reinsurance companies,
- electronic money institutions,
- open pension funds and general pension societies,
- open investment funds, specialist open investment funds and closed investment funds whose public investment certificates were not admitted for trading on a regulated market,
- entities carrying out broking activities, except for entities carrying out activities only in the scope of accepting and transferring buy or sell orders of financial instruments or in the scope of investment advisory.

of the decision of the Minister of Finance of 25 August 2009. This decision provided for the allocation to the KNA of funds amounting to PLN 174,643. The planned structure of expenses in 2009 is presented on the chart below:



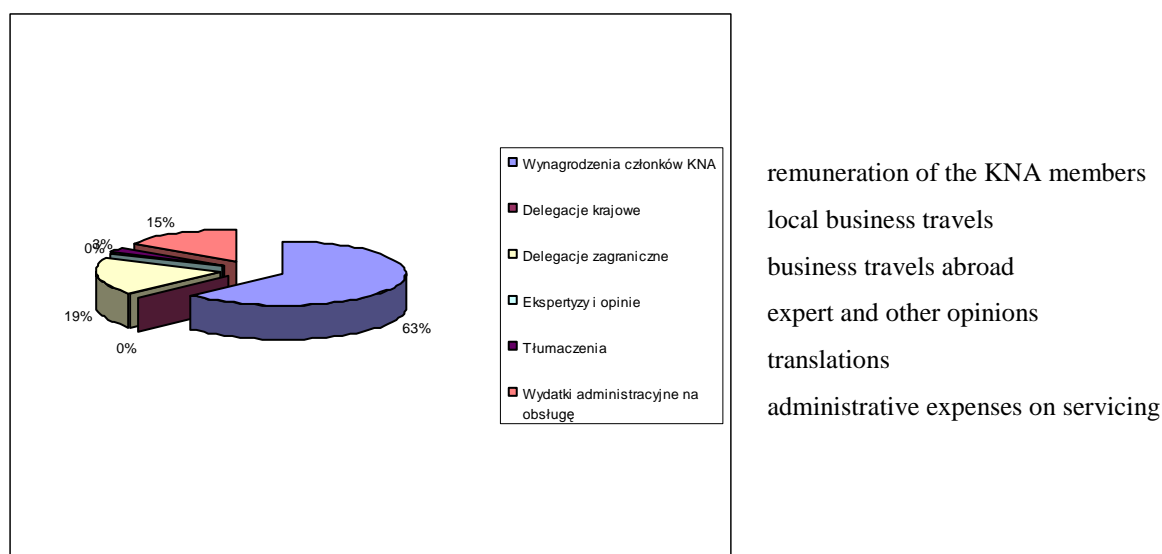
Due to the fact that the KNA's functioning is based on the organisation of the Ministry of Finance, the funds for its operations were reserved in part 19 of the state budget – Budget, public finance and financial institutions.

In 2009, the KNA made expenses in the amount of PLN 96,017.07, which constitutes 54.41% of the amount allocated from the reserve. The underspending of the allocated funds resulted from the following reasons:

- there was no need or possibility to carry out some statutory tasks, e.g. in the area of oversight of the professional activities of statutory auditors and in the area of international cooperation. Due to a short period from the implementation of a new public oversight system, issuance of necessary regulations and passing of new resolutions of statutory auditors' self-government respectively, no reviews of audit firms that audited entities of public interest were carried out until the end of 2009. In connection with the above there were some savings in comparison to planned expenses in the scope of domestic travels and travels abroad, translations and legal expert opinions. Additionally, in the scope of cooperation of public oversight bodies of the EU states, the oversight authorities of these countries did not request the KNA to present materials about Polish statutory auditors and entities authorised to audit financial statements. There was also no need for the KNA to direct similar requests to the oversight authorities of these states,
- there were some savings in impersonal expenses, in connection with the fact that the Chairperson of the KNA did not receive any due salary, due to formal reasons⁹ and it was not necessary to conclude other agreements resulting in charges to the impersonal salary fund.

⁹ According to Article 4(2) of the Act of 31 July 1981 on the remuneration of persons holding high-level state positions (Journal of Laws No. 20, item 101): "a person who holds a high-level state position and who also has another function, is entitled to only one type of remuneration, selected by this person, provided for by the provisions of this the Act or in separate provisions".

The structure of expenses of the KNA in 2009 is illustrated by the chart below:



2.5. The Bureau of the KNA

The KNA, as opposed to other oversight bodies, does not have its own office. According to the provisions of Article 65(3) of the Act, the KNA “*exercises its duties with the assistance of an organisational unit in the office servicing the Minister of Finance, being responsible for accounting and auditing.*”

In the framework of the Accounting Department of the MF, during 2009 two organisational units were established, whose objective is the performance of substantive and administrative functions for the KNA.

Both units were established from scratch and their employment reached the level of nine individuals, including five individuals in the unit providing services related to the activities of the KNA and four persons in the unit responsible for auditing quality assurance system (reviews of audit firms and disciplinary actions against statutory auditors).

At the same time, it should be noticed that according to the justification to the Act, there were plans to appoint 20 new employees to provide services to the KNA, which was mentioned in the assessment of impact of this regulation.

3. COMPETENCE OF THE BODIES OF THE NATIONAL CHAMBER OF STATUTORY AUDITORS IN THE FRAMEWORK OF PUBLIC OVERSIGHT

3.1. The National Assembly of Statutory Auditors

The KZBR – according to Article 20(5) of the Act:

- appoints the President of the KRBR,
- appoints the KRD and the deputies of the KRD,
- appoints other members of the KRBR,
- appoints members of the KKR, the KSD and the KKN,
- passes a resolution on the Statutes of the KIBR,
- passes an action programme and basic rules of financial management of the KIBR,
- determines the rules of establishing membership fees for statutory auditors,
- examines and approves reports on activities of the KIBR bodies and grants a vote of acceptance to members of these bodies.

The KZBR is held every 4 years and is convened by the KRBR. The KRBR may also convene an Extraordinary the KZBR before the end of this period. The Extraordinary the KZBR debates over matters for which it was convened.

The KZBR is constituted by delegates elected by general assemblies in the regional branches of the National Chamber of Statutory Auditors, in proportion to the total number of statutory auditors entered in the register, on the basis of rules stipulated by the National Council of Statutory Auditors, with the reservation that the total number of delegates may not be less than 2% of statutory auditors entered in the register.

3.2. The National Council of Statutory Auditors

The KRBR manages the activities of the self-government in the periods between the times of the KZBR. Among the duties under the competence of the KRBR are all matters not restricted for other bodies by the provisions of the Act, in particular:

- implementation of resolutions of the KZBR,
- representing the KIBR in contacts with state and local authorities, scientific institutions, economic and social organisations as well as international professional organisations,
- establishing, in the form of resolutions approved by the KNA, of national standards on auditing, standards on internal quality control of entities authorised to audit financial statements, ethical standards of statutory auditors, regulations of disciplinary actions against statutory auditors, rules of obligatory continuing education of statutory auditors, rules of procedure for the Examinations Committee, regulations on matters referred to in Article 9(9) of the Act¹⁰,

¹⁰ 1) the framework schedule of conducting qualifications procedure for candidates for statutory auditors, stipulating the place and time of conducting examinations, as well as the examination on the commercial law for persons who have the qualifications to carry out the profession of a statutory auditor, granted in another EU country and persons who have qualifications to carry out the profession of a statutory auditor, obtained in a third country; 2) a detailed range of topics of examinations for candidates for statutory auditors, taking into account fields referred to in the Act; 3) the level of fees for individual examinations and the level of remuneration to which members of the Examinations Committee are entitled; 4) the procedure of appointing examiners and the level of remuneration they are entitled to; 5) conditions of granting exemptions from examinations to candidates for statutory auditors who passed university or equivalent examinations and candidates who possess qualifications of fiscal audit reviewers; 6) rules of documenting practice and apprenticeship by candidates for

- passing resolutions on the entry and deletion from the register or list of entities authorised to audit financial statements,
- keeping the register and list of entities authorised to audit financial statements,
- issuing a card of a statutory auditor,
- determining the level of fees for the entry in the list of entities authorised to audit financial statements,
- determining the level of annual fees on account of oversight, referred to in Article 52(1) point 2 of the Act, and rules of their allocation,
- determining the level of membership fees of statutory auditors,
- establishing the criteria and granting authorisation to entities conducting obligatory continuing education courses for statutory auditors,
- examining and approval of an annual financial plan of the KIBR and a report on its realisation as well as approval of annual financial plans of regional branches of the KIBR,
- carrying out publishing and educational activities,
- issuing opinions on draft standard-setting acts in the field of commercial law,
- passing resolutions on imposing fines on entities authorised to audit financial statements and on prohibition to carry out auditing activities for the period from 6 months to 3 years, in cases provided for in the Act,
- passing other resolutions, which it deems appropriate for a proper functioning of the KIBR.

The KRBR has 15 members. The KRBR selects from among its members two Vice-Presidents, a Secretary and a Treasurer. The President of the KRBR, selected directly by the Assembly:

- fulfils the duties of the entity's director, referred to in separate regulations and represents the KRBR before state and local authorities, scientific institutions, economic and social organisations as well as international professional organisations,
- directs the works of the KRBR,
- signs resolutions and decisions of the KRBR,
- takes decisions relating to current activities of the KIBR,
- carries out other activities stipulated in the Statutes, relating to the functioning of the KIBR.

3.3. The National Supervisory Committee

The task of the KKN is to carry out reviews of the observance of regulations and procedures connected with the performance of auditing activities by statutory auditors and activities of entities authorised to audit financial statements, including the reviews of:

- the internal quality control system in an entity,
- compliance of the entity's activities with legal regulations,
- auditing documentation from conducted auditing activities, including compliance with binding auditing standards and independence requirements,
- the number and quality of used human resources,
- calculated remuneration for auditing activities.

The reviews in authorised entities carrying out auditing activities in entities of public interest are conducted at least once every 3 years, and in other entities - at least once every 6 years.

statutory auditors; 7) scope, procedure and rules of other activities necessary for the correct functioning of the Examinations Committee and qualification procedure for candidates for statutory auditors.

The reviews are conducted by inspectors employed by the KIBR, with the reservation that the reviews in entities that do not carry out auditing activities in entities of public interest may be also conducted - on the basis of a civil law agreement – by controllers who are statutory auditors.

The inspectors and controllers are appointed and employed from among individuals who:

- have Polish citizenship,
- are capable of using all public rights,
- gained a university degree in the Republic of Poland or a university degree abroad which is recognised as equivalent qualification in the Republic of Poland,
- have an impeccable reputation,
- have considerable standing, knowledge and experience, which ensure the proper course of a review
- were not convicted under a final and valid court judgement for a deliberately committed offence or a fiscal offence.

The candidates for inspectors, before their appointment, and inspectors designated for reviews in entities conducting auditing activities in entities of public interest are approved by the KNA.

The task of the KKN is also to stipulate, in the form of resolutions approved by the KNA:

- the procedure for selecting inspectors and controllers,
- the rules of continuing education of inspectors and controllers,
- the template of review protocol carried out by inspectors and controllers.

Detailed rules and procedure for conducting reviews referred to in Article 26(2) and Article 74 of the Act, are stipulated in the Regulation on reviews.

The KKN prepares annual plans of reviews. The KNA approves a review plan in entities conducting auditing activities in entities of public interest, which are published on the website of the KIBR. The KKN also keeps a list of entities authorised to audit financial statements conducting, at least once every 3 years, auditing activities in entities of public interest. This list is published on the website of the KIBR.

The KKN consists of 3 to 5 members and selects the Chairperson and Vice-Chairperson from among its members.

The KKN draws up an annual report on the realisation of review plans, which is presented to the KNA until 31 March of the following year.

3.4. The National Disciplinary Court

The KSD adjudicates in cases of disciplinary responsibility of statutory auditors for the conduct that is in breach with legal regulations, standards on auditing, independence and ethical standards. The KSD is a court of one instance and adjudicates in the panel of three members. The rulings of the KSD may be appealed against to a competent district court with the jurisdiction over the domicile of the accused – labour and social insurance court, as the court of first instance. The KSD has 8 to 10 members, who select a Chairperson and a vice-Chairperson from among themselves.

The KSD presents to the KRBR an annual report on activities, describing in particular the assessment of effectiveness of disciplinary actions. It also draws up an annual report on activities, which it presents to the KNA until 31 March of the following year.

3.5. The National Disciplinary Spokesperson

The KRD conducts explanatory proceedings and this person is a prosecutor in a disciplinary action before the KSD. the KZBR selects the KRD and his/her deputies in the number of 5 to 7 individuals.

The KRD presents to the KRBR an annual report on activities, containing in particular the assessment of the effectiveness of disciplinary actions. He/she also draws up an annual report on activities that he/she presents to the KNA until 31 March of the following year.

3.6. The National Internal Audit Committee

The KKR consists of 3 to 5 members, who select from among themselves a Chairperson and a vice-Chairperson.

The KKR:

- controls financial activities of the KIBR and implements resolutions passed by the KZBR, as well as presents conclusions in this respect to:
 - ✓ the KRBR - immediately after the review,
 - ✓ the KZBR – in the report on its activities,
- presents to the KZBR a proposal to grant a vote of approval to the KRBR.

4. THE EXAMINATIONS COMMITTEE

The Examinations Committee was established on the basis of Article 6 of the Act. Members of the Committee, in the number of 19, are appointed and dismissed by the Minister of Finance, for a 4-year term.

The Examinations Committee consists of 19 members, including 10 representatives of the Minister of Finance, 7 representatives recommended by the KRBR and 2 representatives recommended by the Polish Financial Supervision Authority.

The Chairperson of the Examinations Committee is designated by the Minister of Finance from among its members.

The Examinations Committee acts on the basis of:

- the Act,
- the Regulation on the qualification procedure,
- the Regulations and other system resolutions, approved by the KNA.

The tasks of the Examinations Committee include in particular:

- carrying out examinations for candidates for statutory auditors, including the final examination,
- verification, at the request of a candidate for a statutory auditor, of the completion of practice and apprenticeship,
- preparation of test questions, situational questions and preparation of examination sets for individual examinations, including the final examination, for candidates for statutory auditors,
- examining appeals against the results of examinations,
- conducting examinations for statutory auditors from third countries who apply for entry in the register of statutory auditors kept by the KIBR.

5. ACTIVITIES OF THE KNA IN 2009

5.1. Organisational activities¹¹

In 2009, the KNA held 10 meetings, including two extraordinary ones.

The KNA functions on the basis of provisions of the Act and the Regulations, which according to the provisions of the Act were passed at the inaugural meeting of the Commission on 2 July 2009, and then amended and completed with the rules of international cooperation.

The KNA, within the scope of its competence, passes resolutions. The list of resolutions of the KNA passed in 2009 is included in Appendix No. 2.

The powers of the KNA, with respect to resolutions passed by the bodies of the KIBR, result from the provisions of the Act.

According to the provisions of the Act, the task of the KNA is to approve a list of resolutions stipulated in the Act, which are passed by the bodies the KIBR. In the case of other resolutions, the KNA appeals against them if they contravene the law, harm the public interest, or also have the hallmarks of mistake or error.

Before the commencement of operations of the KNA, the Bureau of the KNA developed procedures and mechanisms of presenting materials at the meetings of the KNA, in particular giving opinions on them and preparing recommendations about actions to be taken by the KNA. The rules of cooperation of the KNA and the Bureau of the KNA with other organisational units of the MF, in particular in the scope of legal and administrative services were also developed.

The Bureau of the KNA worked intensively on the working auxiliary materials for the members of the KNA entitled: *“Selected tasks of the Audit Oversight Commission”*, containing the procedure on resolutions submitted to the KNA. After discussions and introduction of comments, these materials will be presented to the members of the KNA for application.

5.2. Approval of systemic resolutions

The Act states that the KNA approves those resolutions of the bodies of the KIBR, which may be described as systemic. These include:

- 1) a resolution of the extraordinary KZBR on passing or amendment to the Statutes of the KIBR,
- 2) a resolution of the KRBR on the range of topics and minimum number of hours of obligatory continuing education courses for statutory auditors,
- 3) a resolution of the KRBR on the rules of obtaining the entitlement to conduct obligatory continuing education courses for statutory auditors,
- 4) a resolution of the KRBR, passed with the Examinations Committee's approval, on the passing of regulations being the basis of the Committee's operations,

¹¹ On the website of the MF a new section has been launched which contains information about the composition, tasks and competence as well as functioning of the KNA.

<http://www.mf.gov.pl/index.php?const=6&dzial=2803&wysw=84&sub=sub12>

- 5) a resolution of the KRBR on the framework time schedule of conducting qualification procedure, stipulating time and place of conducting examinations for the candidates for statutory auditors as well as an examination on the commercial law for statutory auditors from the EU states and from third countries,
- 6) a resolution of the KRBR on a detailed range of topics of examinations, including the fields referred to in the Act,
- 7) a resolution of the KRBR on the level of fees for individual examinations and the level of remuneration to which members of the Examinations Committee are entitled,
- 8) a resolution of the KRBR on procedure of appointing examiners and the level of remuneration they are entitled to,
- 9) a resolution of the KRBR on the conditions of granting exemptions from some examinations,
- 10) a resolution of the KRBR on the rules of documenting practice and apprenticeship,
- 11) a resolution of the KRBR on the scope, procedure and rules of other actions necessary for the correct functioning of the Examinations Committee and the qualification procedure for candidates for statutory auditors,
- 12) a resolution of the KRBR on establishing national standards on auditing,
- 13) a resolution of the KRBR on establishing standards on internal quality control of entities authorised to audit financial statements,
- 14) a resolution of the KRBR on establishing ethical standards of statutory auditors,
- 15) a resolution of the KRBR on establishing regulations of disciplinary actions against statutory auditors,
- 16) a resolution of the KRBR on establishing rules of obligatory continuing education of statutory auditors,
- 17) a resolution of the KKN on determining the procedure and selection of inspectors and controllers,
- 18) a resolution of the KKN on determining the rules of continuing education for inspectors and controllers,
- 19) a resolution of the KKN on the approval of a template protocol of reviews carried out by inspectors and controllers.

Detailed information on the status of resolutions approved by the KNA as at 31 December 2009 is included in Appendix No. 3.

According to transitional provisions stipulated in Article 118 of the Act, resolutions of the bodies of the KIBR requiring adjustment to the provisions of this Act, remain in force until the time of passing new resolutions, however not longer than 6 months from the entry into force of this Act, with the reservation that the bodies of the KIBR should present to the KNA, within 2 months from the entry into force of this Act, resolutions which are subject to approval.

5.3. Approval of other documents

Except for analysing the content of resolutions of the KIBR bodies, the duties of the KNA include also the approval of:

- annual review plan¹², drawn up by the KKN, of professional activities of statutory auditors and activities of entities authorised to audit financial statements and conducting auditing activities in entities of public interest,
- candidates for inspectors of the KKN, before their appointment and inspectors designated for individual reviews.

More information on this subject is included in section 5.5. Quality assurance system activities.

5.4. Appealing against resolutions

In 2009, the KNA passed resolutions about appealing to the Regional Administrative Court (WSA) against four resolutions of the KRBR, demanding the prior removal of the contravention of the law.

Detailed information on this subject is included in Appendix No. 4.

5.5. Quality assurance system activities

From 6 June 2009 the rules and procedure of conducting reviews of professional activities of statutory auditors and activities of entities authorised to audit financial statements were changed. It is a consequence of establishing in Poland a new public oversight system of the professional activity of statutory auditors and activities of entities authorised to audit financial statements, and within its framework – of the KNA, a new public administration body.

Until 6 June 2009 the reviews of professional activities of statutory auditors and activities of entities authorised to audit financial statements were conducted on the basis of resolutions of the KKN, on the strength of provisions of the Act of 13 October 1994 on statutory auditors and their self-government which is no longer in force.

The forms of review actions stipulated in the Act are based on the concept that the review of observance of the provisions and procedures connected with auditing activities of statutory auditors and activities of entities authorised to audit financial statements falls within the competence of the KKN. At the same time the KNA may conduct a review in the case of obtaining information on irregularities through the employees of the organisational unit of the office providing service to the Minister of Finance, being responsible for accounting and auditing, as well as apply for the participation of the above-mentioned employees, as observers, with the right of access to all documents, in reviews carried out by inspectors employed by the KIBR.

This report covers a transitional period, in which activities and duties in the area of functioning of the quality assurance system, exercised by the KKN, according to the provisions of the Act, were significantly changed during its functioning in 2009.

As a result of this, in 2009 reviews of entities authorised to audit financial statements were conducted on the basis of review plans prepared according to the rules in force before the

¹² submitted to the KNA with a letter of 27 January 2010

entry into force of the Act, without singling out entities which audit entities of public interest and they were conducted only by controllers.

Despite provision of Article 26(6) of the Act, giving a possibility of participation, at the request of the KNA, in reviews of employees of the organisational unit of the MF, responsible for accounting and auditing, as observers with the right of access to all documents, the employees of the Bureau of the KNA did not participate in reviews, because in the framework of a new system, in 2009 the inspectors in the KIBR were not appointed yet.

In connection with the above, the KNA did not exercise the powers resulting from the provisions of Article 26(7) of the Act and did not give the KKN any recommendations and instructions concerning the reviews of entities authorised to audit financial statements.

In 2009 the KNA did not conduct a review referred to in Article 74(1) and (2) of the Act, i.e. a review conducted in the case of obtaining information on irregularities on the basis of a personal authorisation granted by the KNA to employees of the Bureau of the KNA.

It should be stressed that all actions taken by the KNA in 2009 in the framework of quality assurance system, had the objective of adjusting the previously binding regulations in this area to new legal requirements, which also caused a natural need for consultations concerning the elaboration of solutions for the functioning of this system in practice, mainly with the KKN.

At the same time the KNA in 2009, on the basis of Article 64(1) point 1 of the Act approved the procedure of selecting controllers, the procedure of selecting inspectors, the rules of continuing education of inspectors and controllers and the rules of internal quality control of entities authorised to audit financial statements.

The template protocol of reviews carried out by inspectors and controllers was the subject of the meeting of the KNA on 3 September 2009, where some reservations were raised. Until the end of 2009 template protocol of reviews carried out by inspectors and controllers was not presented by the KKN again at the KNA's meeting.

Additionally the KNA, based on Article 64(1) point 8 of the Act, on 24 September 2009 approved three candidates for inspectors of the KKN¹³ who have qualifications to conduct reviews of entities authorised to audit financial statements auditing entities of public interest.

The KNA also exchanged extensive correspondence with the KIBR on the appointment of candidates for inspectors. The inspectors were employed at the KIBR after the lapse of 3 months of their approval by the KNA.

¹³ A letter of the KKN of 17 September 2009, signature: NSN-1569/2009, proposing three candidates for the inspectors of the National Supervisory Committee; the approval of candidates by the KNA took place on 24 September 2009.

5.6. Activities in the area of investigations and sanctions system

In the period from 6 June 2009 to 31 December 2009, the subject of meetings of the KNA were: 43 rulings, including 22 decisions and 21 verdicts, sent by the KSD, reached in relation to 47 statutory auditors and a Directive of the Chairperson of the KSD on refusal to accept an appeal filed against the decision of the deputy the KRD on the completion of the explanatory proceedings and refusal to institute a disciplinary proceedings, as it was filed too late.

According to Article 41 of the Act, the KNA may appeal against the rulings of the KSD to a competent regional court, with jurisdiction over the domicile of the accused – labour and social insurance court, as the court of first instance – within 14 days of the date when the ruling and justification are delivered. The KNA did not discover any grounds to appeal against the above-mentioned rulings. However, in one case the KNA exercised the provision of Article 42 of the Act, requesting the KSD to transfer the files of the case after receiving the final and valid disciplinary ruling. The case concerned providing the services of keeping a company's books of accounts by a statutory auditor.

According to Article 38(2) of the Act, a representative or representatives of the KNA may be present during the trials conducted before the KSD, also in the case of exclusion of the openness of the trial. The KNA exercised the above-mentioned right in 6 cases, authorising the employees of the Bureau of the KNA to participate in trials. The above trials concerned:

- performing audits by statutory auditors in the way which was incorrect and not in compliance with the actual state of the correctness of the EU funds' use,
- preventing, by members of the board being statutory auditors, the review by the KKN of activities of the auditing entity,
- a review conducted by a controller of the KKN, in an entity authorised to audit financial statements, as a result of which it was stated that a statutory auditor, auditing financial statements, did not follow the audit procedures, i.e.: he did not document the selection of the sample, he did not calculate the level of significance, the statement of the entity's Director carried a date which was earlier than the date of the opinion, the working documentation did not describe the accounting systems applied by the entity and adopted rules of measurement of assets, equity and liabilities, the audit report did not contain an independence declaration and key economic indicators, the opinion referred to the report on the entity's activities, despite the fact that such a report has not been drawn up, there were no special procedures with respect to the fact that the audit was conducted for the first time,
- lack of possibility for the controller of the KKN to establish with a statutory auditor the time of a review, which resulted in the lack of planned review in an entity authorised to audit financial statements;
- submission to the KIBR, by a statutory auditor, of statements about employment and sources of income, which were contradictory in content,
- contravention by a statutory auditor of provisions during the elaboration of the opinion and report concerning the property and financial position as well as the incurrence of loss by an audited entity.

During the trial there were no irregularities detected with respect to the application of procedures by the KSD and the KRD.

Regardless of the above, in the period from 6 June 2009 to 31 December 2009, the KNA examined and submitted to the KRD applications for the institution of an explanatory proceeding, in the case of submitting by companies of commercial law, organisational entities and individuals, of notifications about irregularities in the conduct of auditing activities by statutory auditors acting on behalf of entities authorised to audit financial statements.

In connection with the letter of the Polish Financial Supervision Authority to the KNA on the irregularities in the audit of financial statements of banks it was established that in the case of establishing significant irregularities in the work of statutory auditors in entities supervised by the Polish Financial Supervision Authority, the Polish Financial Supervision Authority will request the KIBR to take appropriate actions and to inform the KNA about reported irregularities. However, in the case of establishing systemic irregularities in the work of statutory auditors, the Polish Financial Supervision Authority will request the KNA to take appropriate actions.

Additionally the KNA exchanged correspondence with the Inspector-General for Personal Data Protection about the transfer of information to the third country bodies of public oversight of statutory auditors and entities authorised to audit financial statements.

5.7. Other activities in the field of public oversight

5.7.1. Execution of tasks resulting from Article 66(7) of the Accounting Act

According to the provisions of Article 66(7) of the Act, the KNA should be informed immediately by the manager of the entity ordering an audit and by the entity authorised to audit financial statements about the termination of an agreement on the audit or review of financial statements. The termination of an agreement referred to in Article 66(5) of the Act, is possible only in a situation of occurrence of justified grounds. The differences in opinions on the application of accounting principles or standards on auditing do not constitute a justified ground for a termination of an agreement¹⁴.

In connection with the provisions of this article, the KNA systematically received information on the termination of agreements. In some cases it was necessary to send requests for additional information or explanations.

5.7.2. Information on the conducted court cases before courts of general jurisdiction and administrative courts in 2009

In 2009 there were two court cases adjudicated before the court of general jurisdiction and an administrative court.

- On 14 October 2009 the KNA was notified by the Regional Administrative Court in Warsaw about the proceeding under way before this Court which was instituted following a complaint of the Minister of Finance against the KIBR, requesting the revocation of resolutions No. 558/22/2009 of the KRBR of 17 March 2009 on the application to enter in the list of entities authorised to audit financial statements and No. 504/22/2009 the KRBR of 17 March 2009 on the application to enter in the list of entities authorised to audit financial statements.

Finding the brought actions necessary and justified, on 15 October 2009 the KNA passed resolution No. 21/2009 on accession to the above-mentioned proceedings in the capacity of a claimant, on the basis of Article 196 § 1 of the Code of Civil Procedure.

With a verdict of 18 November 2009 (trial on 4 November 2009 – postponement of the publication of the verdict until 18 November 2009) the Regional Administrative Court in Warsaw I Civil Department dismissed a statement of claim.

¹⁴ In order to standardize the information received, a form has been developed which is available at the website of the MF: http://www.mf.gov.pl/_files_/bip/kna/formularz.pdf

Due to the breach by the above-mentioned verdict of procedure provisions, including Article 233 § 1 of the Code of Civil Procedure, resulting from the lack of comprehensive consideration of evidence and its assessment with the omission of a significant part of this material, on 21 December 2009 the KNA lodged, on the basis of Article 367 § 1 and 2 of the Code of Civil Procedure, an appeal against the verdict in the part referring to resolution No. 558/22/2009 the KRBR.

- a case before the Regional Administrative Court in Warsaw resulting from a complaint of 2 October 2009 against the decision of the KNA of 28 August 2009, signature: DR6/the KNA/0521/24a/RNM/09/965, maintaining in force resolution No. 907/27/2009 of the KRBR of 23 June 2009 on the refusal of entry in the register of statutory auditors.

In connection with the complaint lodged to the Regional Administrative Court against the decision of the KNA of 28 August 2009, maintaining in force the appealed resolution No. 907/27/2009 of the KRBR of 23 June 2009 on the refusal of entry in the register of statutory auditors, a meeting of the Regional Administrative Court was planned for 20 January 2010.

Due to the personal data protection¹⁵, the above cases were not discussed in detail in the report.

5.7.3. Entry in the register of statutory auditors from third countries and entry in the list of entities authorised to audit financial statements from third countries

According to provisions of Article 95(1) of the Act, the KNA keeps a register of statutory auditors from third countries and a list of entities authorised to audit financial statements from third countries.

In 2009, the KNA did not receive any applications for entry in the register of statutory auditors or on the list of entities authorised to audit financial statements.

5.8. International cooperation, in particular with oversight bodies of other states

Taking into account the provisions of the directive and ensuring effective actions of individual oversight bodies in the EU member states¹⁶ and cooperation with the European Commission, international cooperation in this field is one of the main objectives of the KNA.

¹⁵ The Personal Data Protection Act of 29 August 1997 [This Act implements, within its regulation, directive 95/46/EC of the European Parliament and Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (Official Journal EC L 281 of 23.11.1995, p. 31, as amended; Official Journal EC Polish special edition, chapter. 13, v. 15, p. 355, as amended).]

¹⁶ In member countries, public oversight bodies already act under different names, e.g. in France the High Council on Auditors (Haut Conseil du Commissariat aux Comptes - H3C) acting under the Minister of Justice, in Italy Financial Markets Supervision Commission – CONSOB (the equivalent of the Polish KNF), subordinated to the Prime Minister's Office, in Great Britain - Professional Oversight Board (POB), subordinated to the Secretary of State for Trade and Industry, or in Germany – Auditor Oversight Commission (AOC) supervised by the Ministry of Economy and Labour.

5.8.1. International Auditor Regulatory Institute and a meeting with the PCAOB, the American oversight body

On 28-29 October 2009 Mrs prof. dr hab. Elżbieta Chojna-Duch, the Chairperson of the KNA, took part in the annual, international conference entitled “International Auditor Regulatory Institute”, organised by the PCAOB, the American public oversight body, in Washington. The aim of the conference was to present and exchange experience of oversight bodies of different states.

Additionally, on 30 October 2009 Mrs prof. dr hab. Elżbieta Chojna-Duch, the Chairperson of the KNA met Mr Daniel L. Goelzer, the acting Chairperson of the PCAOB.

During the meeting the matters relating to the Polish oversight system were discussed, including:

- plans of the PCAOB to conduct inspections in Polish audit firms registered with the PCAOB,
- terms of cooperation with the PCAOB in the context of directive 2006/43/EC.

5.8.2. Meetings of the European Group of Auditors’ Oversight Bodies (the EGAOB)

On 9 November 2009 a meeting of the EGAOB was held in Brussels, in which Mrs prof. dr hab. Elżbieta Chojna-Duch, the Chairperson of the KNA, participated and inaugurated the participation of representatives of the newly-established Polish public oversight body .

The EGAOB is a group of all bodies of public oversight, acting in the countries of the European Union and European Economic Area. The EGAOB was established on the basis of a decision of the European Commission of 14 December 2005. Its aim is effective coordination of the public oversight system for statutory auditors and entities authorised to audit financial statements.

The EGAOB debates mainly during plenary meetings. The meetings are organised and services are provided by the European Commission, which prepares agenda of every meeting and sends documents. During these meetings representatives of individual countries and the European Commission exchange views on the subjects stipulated in the agenda and possibly also subject raised during those meetings. In general, the meetings of the EGAOB are held once every two months.

Except for plenary meetings, in the framework of the EGAOB, there are working meetings in four subgroups:

- ISA’s subgroup (International Standards on Auditing) – dealing with ISA,
- Intra EU Co-operation – dealing with intra EU cooperation,
- Third Countries – dealing with cooperation with third countries,
- Subgroup on Inspections – dealing with inspections.

During the meeting of the EGAOB on 9 November 2009 the current matters were discussed relating to the cooperation of the oversight bodies of the EU countries, implementation of International Standards on auditing (ISA), cooperation with third countries – from outside the EU and monitoring of audit services market as well as a plan of action for the EGAOB in 2010.

5.8.3. The Swiss-Polish Cooperation Programme

In connection with the Framework agreement on the implementation of the Swiss-Polish Cooperation Programme (the SPPW), signed on 20 December 2007 by the Government of Poland and the Swiss Federal Council, the Swiss side awarded to Poland funds in the amount of approx. CHF 489 mln in the framework of non-repayable foreign aid. The aim of the programme is to decrease the social and economic differences within the enlarged European Union.

One of individual projects taken into consideration in the SPPW (subject area *Improvement of the business environment and access to capital for small and medium enterprises (SME)* in the framework of priority *Private sector*), for which aid funds in the amount of CHF 10 mln were allocated, is *building institutional and legal capacities on the national level in the scope of financial reporting and audit in the private sector*. It is projected that the project will be carried out in the years 2009 – 2015 and it will cover such activities as:

- implementation of the public oversight system for statutory auditors,
- implementation of the quality assurance system for statutory auditors,
- approximation of regulations on tax law and accounting regulations,
- developing institutional capacities in the area of financial reporting,
- improvement of accounting regulations and ensuring their observance,
- monitoring and assessment, including updating of the report of ROSC Accounting and Auditing,
- specialist English language courses for experts in the field of financial reporting,
- approval and implementation of ISA,
- improvement of the system of continuing education for individuals who professionally deal with accounting.

The MF was designated as the Intermediate Body for the above-mentioned project and it will be responsible for the effectiveness and correctness of management and implementation of the above actions. The World Bank was entrusted with the role of Implementing Institution.

On 15-16 December 2009 in the mission of the World Bank in Vienna, in the framework of the SPPW, first regional workshops were held, in which delegations from Poland, Latvia, Slovenia, Estonia and the Czech Republic participated. Poland was represented by Mrs prof. dr hab. Elżbieta Chojna-Duch, the Chairperson of the KNA.

The aim of the meeting was to identify areas of common interest in which the cooperation of all countries involved in the programme is possible, and at the same time the allocation of costs of these actions between interested countries. During the workshops every country presented the model of functioning of its public oversight system and areas in which this system should receive support.

As a result of the meetings basic activities were established, which in the next years should be taken:

- workshops for the Members of the KNA – during which the members of the oversight bodies in countries where oversight systems have been functioning for a longer period of time, will present their models of activities,
- exchange of experience on the models of oversight functioning,
- training for reviewers carrying out inspections and traineeship in oversight bodies of other EU member states,

- development of an IT system of registering statutory auditors and audit firms, extended by additional modules (qualification procedure, continuing education courses),
- development of an IT programme supporting inspections conducted in the framework of quality assurance system,
- development of an IT system used by small audit firms during the audit of financial statements.

With respect to the quality assurance system and support for the KNA, the Programme also provides for a number of actions on the domestic level. The most important are as follows:

- ensuring funds for necessary technical equipment (computer equipment, reports and analyses, subscriptions and sector literature, construction of a website),
- training for controllers acting on behalf of the KIBR,
- elaboration of guidelines for small and medium audit firms on internal quality control system,
- elaboration of methodology of conducting quality control in audit firms.

Activities in the framework of the SPPW were started in 2009 and they will be executed in the following years.

6. ACTIVITIES OF THE BODIES OF THE NATIONAL CHAMBER OF STATUTORY AUDITORS IN THE FRAMEWORK OF PUBLIC OVERSIGHT IN 2009

6.1. The National Assembly of Statutory Auditors

The extraordinary the KZBR was convened on 23-24 November 2009 in order to adjust the self-government provisions to the regulations resulting from the entry into force of the Act. The Agenda of the Assembly was accepted by the KRBR by Resolution No. 1073/29/2009 of 3 August 2009, to which the KNA had no reservations.

The subject of the meeting of the Extraordinary the KZBR was the passing of key resolutions for the functioning of the professional self-government, as well as for its members, that is for the Statutes, action programme and the rules of finance management and the rules of determining membership fees of statutory auditors.

After two days of debates of the Extraordinary the KZBR, a break was announced due to the difficulties in the passing of the KIBR Statutes. As a consequence of these events, the organisation of professional self-government was functioning from 6 December 2009 without valid Statutes. Additionally, the Extraordinary the KZBR, before announcing the break, took two resolutions:

- resolution No. 1 of 24 November 2009 on the rules of determining membership fees of statutory auditors,
- resolution No. 2 of 24 November 2009 on basic rules of finance management of the KIBR, which were received by the KNA on 4 December 2009.¹⁷

6.2. The National Council of Statutory Auditors

The KRBR was selected for a 4-year term during the Fourth the KZBR, which took place on 28-30 June 2007 in Jachranka.

The Members of the KRBR:

- 1) Adam Kęsik – President of the KRBR,
- 2) Maria Rzepnikowska – Vice-President of the KRBR,
- 3) Grzegorz Skrzyszewski – Vice-President of the KRBR,
- 4) Jadwiga Szafraniec – Vice-President of the KRBR,
- 5) Maciej Ostrowski – Secretary of the KRBR
- 6) Władysław Fałowski – Treasurer of the KRBR
- 7) Bogdan Dębicki – Member of the KRBR,

¹⁷ The KNA during the extraordinary meeting on 17 December 2009 stated that these resolutions harm public interest, which constituted a basis for passing a resolution on appealing against these resolutions to the Regional Administrative Court in Warsaw, after a prior appealing to the Extraordinary KZBR to do remove the contravention of law, by repealing the above-mentioned resolutions and passing of new resolution on the same issues. In the opinion of the KNA, the legislator's will, also in the context of the wording of Article 118 of the Act, was a new, different formation of legal relations based on the new Act in relation to earlier regulations. It means that actions should be taken first which are aimed at the passing of the KIBR Statutes, a document with a fundamental meaning for the operation of the whole professional self-government, and then in turn resolutions should be passed which regulate matters covered with the above-mentioned act.

- 8) Ignacy Dziedziczak – Member of the KRBR,
- 9) Danuta Krzywda – Member of the KRBR,
- 10) Stanisław Leszek – Member of the KRBR,
- 11) Zbigniew Libera – Member of the KRBR,
- 12) Jerzy Łopacki – Member of the KRBR,
- 13) Sławomir Mirkowski – Member of the KRBR,
- 14) Wacław Nitka – Member of the KRBR,
- 15) Antoni Reczek – Member of the KRBR.

Synthetic information on the activities of the KRBR, elaborated on the basis of materials received from the KRBR, is included in Appendix No. 5¹⁸.

6.3. The National Supervisory Committee

The KKN was selected for a 4-year term during the Fourth the KZBR, which took place on 28-30 June 2007 in Jachranka.

The Members of the KKN:

- 1) Mirosław Kośmider – Chairperson of the KKN,
- 2) Urszula Piszczorowicz – Vice-Chairperson of the KKN,
- 3) Marek Błaszczak – Member of the KKN,
- 4) Jadwiga Godlewska – Member of the KKN,
- 5) Ewa Sowińska – Member of the KKN.

The report of the KKN is included in Appendix No. 6.

6.4. The National Disciplinary Court

The KSD was selected for a 4-year term during the Fourth the KZBR, which took place on 28-30 June 2007 in Jachranka (at present the KSD consists of 13 individuals, and there are 2 Vice-Chairpersons functioning in its structure, selected in 2007 according to the then binding Act of 13 October 1994 on statutory auditors and their self-government).

The Members of the KSD:

- 1) Józef Król – Chairperson of the KSD,
- 2) Alina Barcikowska – Vice-Chairperson of the KSD,
- 3) Marian Jagiełło – Vice-Chairperson of the KSD,
- 4) Urszula Adamska – Member of the KSD,
- 5) Hanna Fludra – Member of the KSD,
- 6) Adam Haldys – Member of the KSD (he performed this function until December 2009),
- 7) Halina Koniecka-Maliszewska – Member of the KSD,
- 8) Maria Konopka – Member of the KSD,
- 9) Leszek Kramarczuk – Member of the KSD,
- 10) Waldemar Lachowski – Member of the KSD,
- 11) Zuzanna Mrugała – Member of the KSD,
- 12) Krystyna Sakson – Member of the KSD,
- 13) Elżbieta Szambelan-Bakuła – Member of the KSD,

¹⁸ Elaborated on the basis of information from the KRBR of 31 March 2010.

14) Dorota Szewczak – Member of the KSD.

The Report of the KSD is included in Appendix No. 7.

6.5. The National Disciplinary Spokesperson

The KRD was selected for a 4-year term during the Fourth the KZBR, which took place on 28-30 June 2007 in Jachranka (at present the KRD carries out its duties with the assistance of 8 deputies selected in 2007 according to the then binding Act of 13 October 1994 on statutory auditors and their self-government).

The Members of the KRD:

- 1) Florian Osekowski – the KRD,
- 2) Alicja Garbalińska – Deputy the KRD,
- 3) Zofia Kielan – Deputy the KRD,
- 4) Zofia Kos-Sokołowska – Deputy the KRD,
- 5) Irena Kucharewicz – Deputy the KRD,
- 6) Janina Miler – Deputy the KRD,
- 7) Andrzej Nowaczewski – Deputy the KRD,
- 8) Michał Przybyła – Deputy the KRD,
- 9) Marek Strugała – Deputy the KRD.

The Report of the KRD is included in Appendix No. 8.

6.6. The National Internal Audit Committee

The KKR was selected for a 4-year term during the Fourth the KZBR, which took place on 28-30 June 2007 in Jachranka.

The Members of the KKR:

- 1) Danuta Chmielewska – Chairperson of the KKR,
- 2) Krzysztof Cieśla – Vice-Chairperson of the KKR,
- 3) Jerzy Koniecki – Member of the KKR,
- 4) Damian Kusz – Member of the KKR,
- 5) Janina Migdałek – Member of the KKR.

The KKR in 2009 performed the following activities:

- it conducted a review of financial activities of the KIBR with respect to:
 - ✓ non-current and current assets, own funds and liabilities,
 - ✓ other operating income and expenses,
 - ✓ finance income and costs,
- it carried out a financial review of the recording of statutory auditors' membership fees and fees on account of entry in the list of authorised entities, allocation of some contributions and fees to regional branches,
- it conducted a financial review of activities of the Bureau of the KIBR, the Examinations Committee, the KRD, the KSD, the KKN, Institute of Financial Reporting and Auditing.

The reviews covered the examination of the justification and correctness of documenting individual economic operations as well as the compliance and correctness of amounts indicated in the books of accounts, including the settlements with the Budget.

- it carried out tasks relating to the supervision over the activity of Internal Audit Committee of regional branches of the KIBR,
- it carried out a review of the degree of implementation of assembly resolutions,
- it analysed the realisation of the schedule of works connected with the implementation of a new Act,
- it prepared draft rules of procedure of the KKR, taking into account the new Act.

For 2010, the KKR anticipates the realisation of actions in a similar scope. Additionally the KKR will systematically deal with matters reported by the members of the KKR, the bodies and members of the KIBR and other external bodies.

7. ACTIVITIES OF THE EXAMINATIONS COMMITTEE IN 2009

On 6 October 2009 the term of the Examinations Committee appointed on the basis of the previous Act on statutory auditors and their self-government finished.

On the strength of Article 6(1), in connection with Article 8(1) of the Act, on 2 December 2009, the Minister of Finance appointed by decision No. 35/DR of 2 December 2009 19 members of the Examinations Committee for candidates for statutory auditors, as follows:

- 1) prof. dr hab. Gertruda Świdorska – a representative of the MF, Chairperson,
- 2) Dorota Będziaś - a representative of the MF,
- 3) Beata Bułhaków - a representative of the MF,
- 4) dr Teresa Cebrowska - a representative of the MF,
- 5) Katarzyna Dębska - a representative of the MF,
- 6) prof. dr hab. Antoni Hanusz - a representative of the MF,
- 7) dr Renata Hayder- a representative of the MF,
- 8) prof. dr hab. Irena Olchowicz - a representative of the MF,
- 9) Magdalena Witkowska- Gwizda - a representative of the MF,
- 10) Bożena Zwolenik - a representative of the MF,
- 11) Ryszard Gorycki - a representative of the KRBR,
- 12) Antoni Kwasiborski - a representative of the KRBR,
- 13) prof. dr hab. Zbigniew Messner - a representative of the KRBR,
- 14) dr hab. Józef Pfaff - a representative of the KRBR,
- 15) Franciszek Wala - a representative of the KRBR,
- 16) Krystyna Walkowiak - Szwierz - a representative of the KRBR,
- 17) dr Joanna Wielgórska – Leszczyńska - a representative of the KRBR,
- 18) dr Małgorzata Burzyńska – a representative of KNF,
- 19) Piotr Staszekiewicz – a representative of KNF.

On 18 December 2009 the first inaugural meeting of the Examinations Committee was held.

The Examinations Committee appointed groups for elaboration of draft resolutions on:

- the By-laws of the Examinations Committee,
- a framework schedule of conducting a qualification procedure, stipulating the time and place of conducting examinations for candidates for statutory auditors as well as an examination on the commercial law in force in the Republic of Poland,
- the level of examination fees,
- the level of remuneration to which the members of the Committee are entitled,
- the procedure of appointing examiners by the Examinations Committee and the remuneration they are entitled to,
- the rules of documenting practice and apprenticeship by candidates for statutory auditors,
- exemptions of candidates for statutory auditors, who passed university or equivalent examinations, from subjects covered by the qualification procedure,
- exemption of candidates for statutory auditors, who possess qualifications of fiscal audit reviewers, from the examination on tax law,
- archiving by the Examinations Committee of documents of the qualification procedure for statutory auditors.

On 23 December 2009, the Examinations Committee placed on the website of the KIBR an announcement of the commencement of its activity, its scope and restrictions¹⁹.

As at 31 December of 2009 7 654 candidates for statutory auditors were registered, including:

- 6 413 candidates continuing qualifications procedure,
- 1 241 candidates starting qualifications procedure.

The new Committee received documents for consideration that were received after 6 October 2009:

- the number of individuals waiting for the final examination – 29,
- the number of reports on completed apprenticeship – 87,
- the number of applications for approval to commence apprenticeship in the form of an apprenticeship agreement– 24,
- the number of journals on the completed practice – 22,
- the number of applications for exemption from practice – 75.

¹⁹ http://www.kibr.webserwer.pl/_doc/komunikat_KE_2009_01.pdf

8. PLAN OF ACTIVITIES OF THE KNA FOR 2010

- 1) Preparation of an annual report on activities of the KNA in 2009, – according to Article 64(5) (until 30 April of the following year), containing also a report on conducted court trials before the courts of general jurisdiction and administrative courts in 2009.
- 2) Performance of quality reviews of professional activities of statutory auditors and quality assurance systems in entities authorised to audit financial statements through a direct participation of representatives of the KNA in selected reviews carried out by the KKN.
- 3) Introduction of a procedure allowing the assessment of the legitimacy of complaints lodged to the KNA with respect to the duty of the KNA of requesting the National Disciplinary Spokesperson to institute disciplinary actions and a notification about the committing of an offence.
- 4) Elaboration of the rules of cooperation of the KNA with the KIBR bodies.
- 5) Supervision of activities of statutory auditors' self-government, in particular:
 - review of procedures on the entry of statutory auditors in the register and entities authorised in the list,
 - the assessment of an annual report of the KIBR bodies and a report of the Internal Audit Committee on their activities,
 - the review of the compliance of procedures of the National Council of Statutory Auditors with the Act and Statutes,
 - the review of the compliance of procedures of the KKN with the Act and the Regulations,
 - the review of the compliance of procedures of the National Disciplinary Spokesperson, the National Disciplinary Court with the Act and the Regulations of disciplinary actions.
- 6) Oversight of the process of awarding the qualifications of a statutory auditor, including the analysis of a report on activities of the Examinations Committee for candidates for statutory auditors.
- 7) The review of the transparency of audit firms and information presented on their websites (applicable to firm auditing entities of public interest).
- 8) Taking actions aimed at ensuring uniform rules of professional activities of statutory auditors in Poland, in particular:
 - inspiring actions aimed at the improvement of work quality of statutory auditors, including thematic trainings, workshops, instructions and recommendations,
 - oversight of the selection of topics for obligatory training, in order to adjust them to the requirements expected from statutory auditors in changing market conditions.
- 9) Taking actions aimed at the unification of the obligation of applying the provisions of chapter 7 of the Accounting Act, in each case of obligatory audit of financial statements.
- 10) Participation of the KNA in a public discussion about the professional activities of statutory auditors and activities of entities authorised to audit financial statements, in particular the analysis of:
 - the compliance with the EU regulation of guidelines elaborated by the Ministry of Regional Development with respect to audits of the realisation of programmes and projects co-financed from EU and EFTA funds, carried out by entities which are not entities authorised to perform audits,
 - the role of statutory auditors in the detection of fraud, abuse and breach of law,
 - correctness of disclosures in the annual financial statements drawn up on the basis of ISA,
 - the role of statutory auditors in view of aggressive accounting.
- 11) Taking actions supporting the awareness of the supervisory bodies of economic entities with respect to mutual relations with a statutory auditor, for the purpose of increasing the credibility of financial information presented in financial reports and effectiveness of corporate oversight.

- 12) Supporting actions aimed at the adoption of regulations of international standards on auditing (ISA). Initiating and improvement of national standards on auditing until the time of adoption of ISA approved by the European Commission.
- 13) Supporting actions of competent bodies, aimed at the adoption of the IFAC Code of Ethics.
- 14) Amendment to the Regulations of the KNA, in particular the provisions concerning the course of action with respect to oversight.
- 15) International cooperation, in particular:
 - presenting the role and actions of the KNA internationally, as the public oversight body in Poland,
 - establishing relations with selected oversight bodies from the EU and from third countries, in particular:
 - ✓ the EU countries – in order to use the experience in organising the oversight institution, registering statutory auditors from third countries and organisation of inspections and reviews of audit firms,
 - ✓ USA (the PCAOB) – in order to receive information on the planned reviews in Polish firms registered in the PCAOB,
 - ✓ Japan, Canada and Switzerland - in the case of approval by the European Commission of a decision on equivalence, the KNA will be able to start works on the agreements on the transfer of auditing documentation between the KNA and oversight bodies of these countries.
- 16) The elaboration of a registration procedure of statutory auditors and entities authorised to audit financial statements from third countries.
- 17) Current fulfilment of tasks stipulated in the Act.

9. APPENDICES:

- 1) Biographies of members of the KNA
- 2) A list of resolutions passed by the KNA
- 3) Resolutions of the bodies of the KIBR approved by the KNA
- 4) Resolutions of the bodies the KIBR appealed against by the KNA
- 5) Information on the activities of the KRBR
- 6) The Report of the KKN
- 7) The Report of the KSD
- 8) The Report of the KRD

BIOGRAPHIES OF THE MEMBERS OF THE AUDIT OVERSIGHT COMMISSION



Prof. hab. Elżbieta Chojna-Duch – Chairperson of the Audit Oversight Commission

Graduate of the Faculty of Law and Administration at the University of Warsaw, after her PhD course she did her professional training at the Centre Européen Universitaire in Nancy (France). In the years 1974-1999 she was an academic and later a professor at the Department of Financial Law at the Faculty of Law and Administration at the University of Warsaw and its director for many years. Member of international associations for public finance. Since 1991 she has been active as a lecturer and member of Scientific Board of the Studies for Regional Self-Government and Local Democracy at the University of Warsaw (presently Studies on Regional Self-Government and Local Development Centre at the University of Warsaw). From September 2005 to November 2007 she held the position of its director. In the years 1995 to 2000 she was the Vice-President of the School of Management and Banking in Płock (presently “Paweł Włodkowic” School of Management and Banking). From 2002 to November 2007 she was a member of the Collegium of the Supreme Chamber of Control. From 2003 to 2004 she was the Chairperson of the Board of the National Health Fund. In 1999 she was a member of the Legislative Council at the Ministry of Culture and National Heritage. In the years 1994-1995 she was the Under-Secretary of State at the Ministry of Finance, from 1993 to 1995 a member of the Self-Government Board by the President of the Republic of Poland, from 1992 to 1994 a member of the National Council by the President of the National Bank of Poland and a member of the Commission for Codification of Banking Law at the National Bank of Poland. Since 1990 she has been active as an expert at the Sejm committees, Chancellery of the Sejm and Senate of the Republic of Poland. In the years 2002 to 2006 she was a member of the Examinations Committee (team leader) for Tax Advisory, and chairperson of the Examinations Committee for Internal Audit. From November 2007 to January 2009 she was Second Secretary of State at the Ministry of Finance.

From July 2009 to January 2010 she was the Chairperson of the Audit Oversight Commission. On January 8th, 2010 she was nominated by the Sejm of the Republic of Poland as a member of the Monetary Policy Council. She authored over one hundred scientific and publicist works, published both inland and abroad, as well as numerous scientific expertises in the field of finance and financial law.



Dariusz Daniluk – Chairperson of the Audit Oversight Commission (January 22nd, 2010)

Born on May 30th, 1963. He is a graduate of the Faculty of Law and Administration at the University of Warsaw. He also completed the post-graduate studies in the following areas: Law and Economics of the European Communities (University of Warsaw), and the International Banking and Finance (University of Southampton / United Kingdom).

From 1989 to 2000 he worked in various positions at the General Inspectorate of Banking Supervision, the Department of International Financial Institutions and Foreign Department at the National Bank of Poland. From 2000 to 2002 he was the Director of the Department of Internal Oversight (internal audit) in the Bank Gospodarki Żywnościowej S.A. In the years 2002-2008, he was the Director of Internal Audit Department at the National Bank of Poland. Member of the Committee of Internal Auditors of the European Central Bank (ECB) from May 1st, 2004 to February 2008. He is the author of a number of publications on banking law, banking supervision, regulation of financial services and European Integration. For many years he has been a lecturer at the postgraduate studies at the Faculty of Economics at the University of Warsaw, Warsaw School of Economics and the Polish Academy of Sciences.

He was a member of the Association of Internal Auditors IIA – Poland and its President from May 2007 to June 2008.

Dagmara Wieczorek-Bartczak

Graduate of the Warsaw School of Economics – holder of the PhD degree at the Collegium of Socio-Economic Policy and the master degree at the University of Łódź, Faculty of Mathematics, Chemistry and Physics.

Polish Financial Supervision Authority (formerly Insurance and Pensions Funds Supervisory Authority). Since September 2009 she has been the Acting Management Director of the Insurance and Pensions Supervision Department, since January 2009 the Acting Management Director of the Insurance Supervision Department. Since November 2007 she has been the Director of the Insurance and Pension Supervision Department, earlier (since December 2006) Vice-Director of the Insurance and Pension Supervision Department.

Insurance and Pensions Funds Supervisory Authority (formerly State Office for Insurance Supervision). Since August 2005, Vice-Head of the Department for Insurance Supervision, Division I. Since January 2004 the Division Head of the Department for Insurance Supervision, Division I, earlier the director and a member of control teams at the life and property insurance agencies.

Since September 1994, an employee of the Financial Policy and Analyses Department at the Ministry of Finance.



Joanna Dadacz

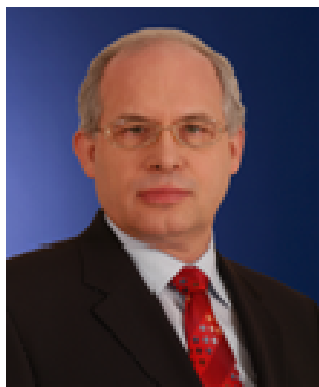
She has 25 years of professional experience and has the qualifications of a statutory auditor.

Since May 2000 she has been directing the Accounting Department at the Ministry of Finance, she represents Poland in the Committees and working groups for accounting and audit standardization as well as actively participates in creating financial statements law and audit law.

Since April 2008, she has been working as the Chairperson of the Committee of Accounting Standards of the 4th term. In the years 2002-2008, Member of the Committee of Accounting Standards of the 1st, 2nd and 3rd term. In the years 2000-2009, Member of the Examinations Committee for statutory auditors. Since 2000 she has been holding the position of the Chairperson of the Examinations Committee empowered to verify qualifications of candidates for obtaining authorization for providing bookkeeping services. In the years 2001-2007, she was a member of the State Examinations Committee for Tax Advisory. In the years 2002-2006, she was a member of the Examinations Committee for internal auditors.

Joanna Dadacz is a member of the National Chamber of Statutory Auditors and the Association of Accountants in Poland.

She authored numerous articles and comments in specialist press and magazines and lectured at universities in the field of accounting and financial audit.



Bogdan Dębicki

Master of Economics, Main School of Planning and Statistics in Warsaw, Certified Accountant, since 1995 statutory auditor, since 1991 until now – a KPMG Director, member of the Management Board. Since his engagement at KPMG, Bogdan Dębicki has been responsible for auditing financial statements of companies and for financial preparation of prospectuses of companies listed at the Warsaw Stock Exchange and stock exchanges abroad.

From 1997 to 2005, he was the director of the Financial Audit Department at KPMG in Poland.

Since September 2005, he has been a member of the European Contact Group (ECG), consisting of 6 largest auditing firms. At the ECG, he cooperates with the European Commission on Member States' regulations on the promotion and spreading of modern solutions in the field of accounting and auditing techniques. He participated, among other things, in the preparation of the EU directive on statutory audits of annual accounts and consolidated accounts.

Since 2007, he has been a member of the National Council of Statutory Auditors.



Andrzej Herman

Master of Law - graduate of the Faculty of Law and Administration at the University of Warsaw and Master of Economics - graduate of the Faculty of Economics at the University of Warsaw, advocate.

He gained economic experience as a director of a foreign company representation and a member of the Management Board of Dutch-owned commercial law partnerships. He completed his advocate traineeship and passed the advocate examination. Employed at the Ministry of Foreign Affairs (Department of Legal and Treaty Issues), running a law firm in Warsaw. Director of the Legal Office at PKN ORLEN SA. He graduated from the seminary for young diplomats from the countries of Middle-Eastern Europe and Central Asia, organised by the Ministry of Foreign Affairs of the German Federal Republic.

He was a vice-chairperson of the Regulatory Commission for the Property of the Evangelical Church of Augsburg Confession, arbiter at the Court of Arbitration at the Polish Chamber of Commerce, vice-president and member of the Presidium of the Arbitration Tribunal (Polish Olympic Committee's, PKOI).

Currently he runs his own law firm specializing in real estate, including revindication.



Ewa Jakubczyk-Cały

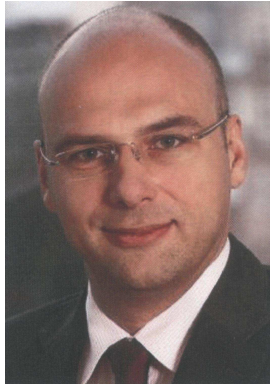
President of the Management Board of PKF Consult Sp. z o.o., she holds the qualifications of a statutory auditor and possesses additional qualifications in privatisation of enterprises, obtained at the Centre for Privatisation.

Lecturer of accounting and finance at universities (including the Warsaw School of Economics) and numerous educational institutions. She also lectures at obligatory trainings for statutory auditors on IAS/IRFS and ISA.

Member of the Programme Board of the magazine "Rachunkowość", she authored several publications in the field of accounting.

On a daily basis, she directs audits of financial statements of enterprises and national investment funds companies as well as consolidated accounts of large corporate groups. She oversees and coordinates activities requiring privatization consultancy for the Ministry of Treasury and other investors. Moreover, she is the co-creator of a series of concepts for restructuring as well as analyses, appraisals and some financial due diligence engagements.

Since 1991, she has been a member of supervisory boards of companies, including publicly traded companies. A member of the Commission of Ethics at the National Council of Statutory Auditors. She is also a member of the Stock Exchange Court at the Warsaw Stock Exchange.



Piotr Kamiński

Graduate of the Faculty of Management at the University of Warsaw and post-graduate studies Tempus CUBIS in the field of management. He attended numerous courses, seminars and expert conferences on capital market, financing enterprises, and social insurance (including in the USA, the UK, France, Italy, Spain).

Immediately following his graduation, he was active as a consultant assistant at the Central Europe Trust in Warsaw.

In the years 1992-2000 he was employed at the Polish Securities and Exchange Commission. He was also the vice-director of the Finance and Economic Analyses Office and the vice-director of the Department for Public Companies and Finance. In the middle of 2000, he became the vice-president of the Management Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych S.A.).

In the years 2001-2003 he held the position of the Chairperson of the Supervisory Board of Centralna Tabela Ofert SA. Between 2003 and 2005 he chaired the Supervisory Board of Bankowy Fundusz Leasingowy S.A. On March 10th, 2003 he was nominated for the position of a Member of the Management Board of PKO Bank Polski S.A., supervising the Area of Corporation Banking, Cash Management and Treasury. From 2005 to 2006 was a member of the Board of Warsaw Stock Exchange, and between March and June 2006 he was the vice-president of the Management Board, Acting President of Bank Pocztowy S.A. In the years 2006-2008 he was the Vice-President of the Board of the Warsaw Stock Exchange, while from 2006 till the end of 2009 he held the position of the President of the Management Board of Bank Pocztowy S.A. On June 28th, 2006 he was nominated as an independent member of the Supervisory Board in the company Pamapol S.A. On June 30th, 2006 he was nominated as the Vice-President of the Confederation of Polish Employers. Since October 2006 he has also been an independent member of the Supervisory Board of the company Wielton S.A. In 2009 he was a Member of the Auditing Committee, the Association of Polish Banks and of the Supervisory Board of the Polish Agency for Foreign Investment. Since June 2009 he has been a member of the Supervisory Board of GO TFI S.A. and Head of the Polish Association of Graduates from the IESE Business School, University of Navarra in Barcelona. Since January 2009, he has been a member of the Supervisory Board of PZU S.A.



Maria Rzepnikowska

President of the Management Board of Deloitte Audyt Sp. z o.o., she has over 25 years of experience in the field of accounting and financial audit. She has significant achievements in the field of the methodology of financial statements auditing.

She authored a series of publications on accounting.

She is active at governmental institutions as an expert in accounting in groups, preparing and opining on legislative amendments.

Maria Rzepnikowska graduated from the Faculty for Economics and Sociology at the University of Łódź. She also completed post-graduate studies of Finance and Accounting at the same Faculty. She is a statutory auditor.

In the years 1992-1995 she was a member of the Management Board of the Regional Division of the National Chamber of Statutory Auditors.

Currently she holds the position of the Vice-President of the National Council of Statutory Auditors. She is a representative of the National Chamber of Statutory Auditors at the Board of the Federation of European Accountants (FEE).

Maria Rzepnikowska cooperates on preparing the 4th and 7th Directive of the EU. She also participated in works on the 43rd Directive of the EU.

Andrzej Stopczyński

Graduate of the University of Warsaw, PhD in physical sciences, Master of Business Administration (University of Warsaw, University of Antwerp). He also holds two international certificates: Professional Risk Manager (PRM) and Financial Risk Manager (FRM).

In the years 1986-1994 he was a research fellow at the Faculty of Physics at the University of Warsaw and Deutsches Elektronen Synchrotron in Hamburg.

From 1994 to 1997 he worked at the Departments of Treasury of Bank Pekao SA and Polski Bank Rozwoju.

In the years 1997-2007 he was the Director of the Department for Risk Management in Kredyt Bank. At that time he also held the positions of the Vice-President of the Supervisory Board of KB – Current Assets Management and a Member and subsequently the Chairperson of the Supervisory Board of PTE KB, and was an academic at the Department of Finance at the Leon Koźmiński Academy of Entrepreneurship and Management.

In 2007 he was employed as the Advisor of the National Bank of Poland's President and at Bank Ochrony Środowiska as the Director of the Department for Risk Management.

Since 2008, as the Managing Director, he directs the Banking Supervisory Department at the Audit Oversight Commission.

He is the co-founder of the Polish Association of Risk Management – the Polish Branch of the Professional Risk Managers Association (PRMIA).

A LIST OF RESOLUTIONS PASSED BY KNA

- 1) Resolution No. 1/2009 of the Audit Oversight Commission of 2 July 2009 on *„The By-Laws of KNA”*;
- 2) Resolution No. 2/2009 KNA of 23 July 2009 on the appeal to the Provincial Administrative Court in Warsaw of resolution No. 900/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009 on the adoption of template notification the commencement and form of professional activities by statutory auditors;
- 3) Resolution No. 3/2009 KNA of 23 July 2009 on the approval of resolution No. 14/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of reviewers;
- 4) Resolution No. 4/2009 KNA of 23 July 2009 on the approval of resolution No. 15/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of inspectors;
- 5) Resolution No. 5/2009 KNA of 13 August 2009 on the document on explanatory proceedings concerning entities authorised to audit financial statements;
- 6) Resolution No. 6/2009 KNA of 13 August 2009 on the approval of resolution No. 16/30/2009 of the National Supervisory Committee of 22 July 2009 on the rules of continuing education of reviewers and inspectors;
- 7) Resolution No. 7/2009 KNA of 13 August 2009 on the appeal of an individual of 26 June 2009 against resolution No. 775/25/2009 of the National Chamber of Statutory Auditors of 20 May 2009 on the deletion of a statutory auditor from the list of entities authorised to audit financial statements;
- 8) Resolution No. 8/2009 KNA of 13 August 2009 on the appeal of an individual of 20 July 2009 against resolution No. 907/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009 on the refusal of entry in the register of statutory auditors;
- 9) Resolution No. 9/2009 KNA of 3 September 2009 on the correction of an obvious mistake in writing in the resolution of the National Chamber of Statutory Auditors No.

- 1041/28/2009 of 21 July 2009 on remuneration rates for the participation in the works of bodies of the National Chamber of Statutory Auditors in force in 2009;*
- 10) Resolution No. 10/2009 KNA of 3 September 2009 *on the reservations to resolutions of the National Chamber of Statutory Auditors from No. 1080/29/2009 to No. 1089/29/2009 of 4 August 2009;*
- 11) Resolution No. 11/2009 KNA of 3 September 2009 *on the refusal to approve candidates for reviewers;*
- 12) Resolution No. 12/2009 KNA of 3 September 2009 *on the reservations to resolution No. 18/31/2009 of the National Supervisory Committee of 30 July 2009 on the approval of a template protocol of an inspection carried out by reviewers and inspectors;*
- 13) Resolution No. 13/2009 KNA of 3 September 2009 *on the reservations to resolutions of the National Chamber of Statutory Auditors from No. 1080/29/2009 to No. 1089/29/2009 of 4 August 2009;*
- 14) Resolution No. 14/2009 KNA of 3 September 2009 *on the appeal to Provincial Administrative Court in Warsaw of resolution No. 1090/29/2009 of the National Chamber of Statutory Auditors of 4 August 2009 amending the resolution No. 181/16/2008 on establishing the level of fee on account of entry in the list of entities authorised to audit financial statements and annual fee on account of oversight in 2009;*
- 15) Resolution No. 15/2009 KNA of 3 September 2009 *on the appeal to Provincial Administrative Court in Warsaw of resolution/s No. 1072/29/2009 of the National Chamber of Statutory Auditors of 3 August 2009 on the adoption of template notification the commencement and form of professional activities by statutory auditors;*
- 16) Resolution No. 16/2009 of KNA of 3 September 2009 *on the reservations to resolution No. 1042/28/2009 of the National Chamber of Statutory Auditors of 21 July 2009 on The Regulations of Disciplinary Procedure against statutory auditors;*
- 17) Resolution No. 17/2009 of KNA of 24 September 2009 *on the request for intervention of KNA about charges of falsifying the audit opinion and report on the financial statements of a company;*
- 18) Resolution No. 18/2009 of KNA of 24 September 2009 *on the approval of candidates for reviewers of the National Supervisory Committee;*

- 19) Resolution No. 19/2009 of KNA of 15 October 2009 *on the filing of an answer to the complaint of an individual against the decision of the Audit Oversight Commission of 28 August 2009 sustaining in force the challenged resolution No. 907/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009;*
- 20) Resolution No. 20/2009 of KNA of 15 October 2009 *r on the authorisation of the Chairperson of the Audit Oversight Commission or Vice-Chairperson of the Audit Oversight Commission to sign, on behalf of the Audit Oversight Commission, procedural documents and granted procedural powers of attorney;*
- 21) Resolution No. 21/2009 of KNA of 15 October 2009 *r on the accession of the Audit Oversight Commission to a court case in the capacity of a claimant;*
- 22) Resolution No. 22/2009 of KNA of 16 November 2009 *on the reservations to resolution No. 1379/32/2009 of the National Chamber of Statutory Auditors of 13 October 2009 on the national standards on auditing;*
- 23) Resolution No. 23/2009 of KNA of 16 November 2009 *on the approval of resolution No. 1378/32/2009 of the National Chamber of Statutory Auditors of 13 October 2009 on the rules of internal quality control of entities authorised to audit financial statements;*
- 24) Resolution No. 24/2009 of KNA of 10 December 2009 *on the amendment of the By-Laws of the Audit Oversight Commission;*
- 25) Resolution No. 25/2009 of KNA of 10 December 2009 *on the adoption of the plan of activities of the Audit Oversight Commission for the year 2010;*
- 26) Resolution No. 26/2009 of KNA of 10 December 2009 *on the refusal the approval of resolution/s No. 1421/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on the Regulations of Disciplinary Procedure against statutory auditors;*
- 27) Resolution No. 27/2009 of KNA of 10 December 2009 *on the approval of resolution No. 1422/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on the rules of obligatory continuing education training of statutory auditors;*
- 28) Resolution No. 28/2009 of KNA of 10 December 2009 *on the approval of resolution No. 1423/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on the range of topics and minimum number of hours of obligatory continuing education training of statutory auditors;*
- 29) Resolution No. 29/2009 of KNA of 10 December 2009 *on the approval of resolution No. 1424/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009*

on the rules of obtaining authorisations to conduct obligatory continuing education training of statutory auditors;

- 30) Resolution No. 30/2009 of KNA of 10 December 2009 *on the appeal to Provincial Administrative Court in Warsaw of resolution/s No. 1425/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on organisational and programme assumptions of obligatory continuing education of statutory auditors in 2010;*
- 31) Resolution No. 31/2009 of KNA of 10 December 2009 *on the approval of resolution No. 1426/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on the rules of professional ethics of statutory auditors;*
- 32) Resolution No. 32/2009 of KNA of 10 December 2009 *on the document of 19 November 2009 relating to a request for enabling an individual to participate in a disciplinary action with the rights of the aggrieved;*
- 33) Resolution No. 33/2009 of KNA of 10 December 2009 *on the document of 19 November 2009 on the letter of an individual of 9 December 2009 concerning a request for sending a copy of a decision of KRD – 699/2009;*
- 34) Resolution No. 34/2009 of KNA of 17 December 2009 *on the appeal against the Verdict of the Regional Court in Warsaw lodged by the Minister of Finance and the Audit Oversight Commission against the National Chamber of Statutory Auditors for the repeal of resolutions;*
- 35) Resolution No. 35/2009 of KNA of 17 December 2009 *on the appealing to the Provincial Administrative Court in Warsaw against resolution No. 1 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the rules of establishing membership fees of statutory auditors;*
- 36) Resolution No. of KNA of 17 December 2009 *on the appealing to the Provincial Administrative Court in Warsaw against resolution No. 2 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the basic rules of finance management of the National Chamber of Statutory Auditors.*

RESOLUTIONS OF KIBR BODIES APPROVED BY KNA

Item	A RESOLUTION OF KIBR BODIES	A RESOLUTION OF KNA	REMARKS
1.	Resolution No. 1080/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on the By-Laws of the Examinations Committee.	Resolution No. 10/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1080/29/2009 to No. 1089/29/2009 of 4 August 2009	<ul style="list-style-type: none"> ▪ the by-Laws of the Examinations Committee have not been agreed on with the Examinations Committee; ▪ individual resolutions contravene legal regulations, ▪ they harm public interest and they have the hallmarks of mistake or error; ▪ until the end of 2009 the National Council of Statutory Auditors did not present again the resolution in question.
2.	Resolution No. 1081/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on a framework time schedule of conducting qualification procedure, stipulating place and time of conducting examinations for the candidates for statutory auditors as well as an examination the commercial law in force in the Republic of Poland		
3.	Resolution No. 1082/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on a detailed range of topics of examinations in the qualification procedure for statutory auditors		
4.	Resolution No. 1083/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on examination fees.		
5.	Resolution No. 1084/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on the remuneration, to which members of the Examination Committee are entitled.		

Item	A RESOLUTION OF KIBR BODIES	A RESOLUTION OF KNA	REMARKS
6.	Resolution No. 1085/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on the procedure of appointing examiners by the Examination Committee and the level of remuneration they are entitled to.		
7.	Resolution No. 1086/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on exemptions of candidates for statutory auditors who passed university or equivalent examinations, from examinations covering subjects included in the qualification procedure.		
8.	Resolution No. 1087/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on the exemption of candidates for statutory auditors who possess qualifications of fiscal audit inspectors, from an examination covering the tax law.		
9.	Resolution No. 1088/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on the rules of documenting practice and apprenticeship by candidates for statutory auditors.		
10.	Resolution No. 1089/29/2009 of the National Council of Statutory Auditors of 4 August 2009 on archiving by the Examination Committee of documents of the qualification procedure of candidates for statutory auditors.		
11.	Resolution of the National Council of Statutory Auditors No. 1075/29/2009 of 3 August 2009 on the rules of obligatory continuing education courses for statutory auditors.	Resolution No. 13/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1075/29/2009 to No. 1078/29/2009 of 3 August 2009 and No. 1079/29/2009 of 3 August 2009	<ul style="list-style-type: none"> ▪ the reservation concerned, <i>inter alia</i>, an incorrect formulation of the legal basis of the resolution; ▪ finally approved - Resolution No. 27/2009 of the Audit Supervision Commission of 10 December 2009 on the approval of resolution No. 1422/33/2009 of the National Council of Statutory Auditors of 3 November 2009 on the rules of obligatory continuing education

Item	A RESOLUTION OF KIBR BODIES	A RESOLUTION OF KNA	REMARKS
			courses for statutory auditors.
12.	Resolution of the National Council of Statutory Auditors No. 1076/29/2009 of 3 August 2009 on the range of topics and minimum number of hours of obligatory continuing education courses for statutory auditors.	Resolution No. 13/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1075/29/2009 to No. 1078/29/2009 of 3 August 2009 and No. 1079/29/2009 of 3 August 2009	<ul style="list-style-type: none"> ▪ reservation concerned, inter alia, an incorrect formulation of the legal basis of the resolution, ▪ finally approved - Resolution No. 28/2009 of the Audit Supervision Commission of 10 December 2009 on the approval of resolution No. 1423/33/2009 of the National Council of Statutory Auditors of 3 November 2009 on the range of topics and minimum number of hours of obligatory continuing education courses for statutory auditors.
13.	Resolution of the National Council of Statutory Auditors No. 1077/29/2009 of 3 August 2009 on the rules of obtaining the entitlement to conduct obligatory continuing education courses.	Resolution No. 13/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1075/29/2009 to No. 1078/29/2009 of 3 August 2009 and No. 1079/29/2009 of 4 August 2009	<ul style="list-style-type: none"> ▪ reservation concerned, inter alia, an incorrect formulation of the legal basis of the resolution, ▪ finally approved - Resolution No. 29/2009 of the Audit Supervision Commission of 10 December 2009 on the approval of resolution No. 1424/33/2009 of the National Council of Statutory Auditors of 3 November 2009 on the rules of obtaining authorisations to conduct obligatory continuing education courses for statutory auditors.
14.	Resolution of the National Council of Statutory Auditors No. 1078/29/2009 of 3 August 2009 on the rules of professional ethics of statutory auditors.	Resolution No. 13/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1075/29/2009 to No. 1078/29/2009 of 3 August 2009 and No. 1079/29/2009 of 3 August 2009	<ul style="list-style-type: none"> ▪ reservations concerned, among other things: an incorrect formulation of the legal basis of the resolution; lack of adjustment of the terminology used in the resolution to the Accounting Act of 29 September 1994 and Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and public oversight, ▪ finally approved - Resolution No. 31/2009 of the Audit Supervision Commission of 10 December 2009 on the approval of resolution No. 1426/33/2009 of the National

Item	A RESOLUTION OF KIBR BODIES	A RESOLUTION OF KNA	REMARKS
			Council of Statutory Auditors of 3 November 2009 on the rules of professional ethics of statutory auditors.
15.	Resolution of the National Council of Statutory Auditors No. 1079/29/2009 of 3 August 2009 on the rules of internal quality control entities authorised to audit financial statements.	Resolution No. 13/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about resolutions of the National Council of Statutory Auditors from No. 1075/29/2009 to No. 1078/29/2009 of 3 August 2009 and No. 1079/29/2009 of 4 August 2009	<ul style="list-style-type: none"> ▪ reservation concerned, inter alia, an incorrect formulation of the legal basis of the resolution; ▪ finally approved - Resolution No. 23/2009 of the Audit Supervision Commission of 16 November 2009 on the approval of resolution No. 1378/32/2009 of the National Council of Statutory Auditors of 13 October 2009 on the rules of internal quality control entities authorised to audit financial statements.
16.	Resolution No. 1042/28/2009 of the National Council of Statutory Auditors of 21 July 2009 on the Regulations of disciplinary actions against statutory auditors.	Resolution No. 16/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about of the resolution No. 1042/28/2009 of the National Council of Statutory Auditors of 21 July 2009 on the Regulations of disciplinary actions against statutory auditors.	<ul style="list-style-type: none"> ▪ reservations concerned, among other things, the breach of legal provisions and harming the public interest; ▪ refusal of the approval of the resolution in question due to another submission by KRBR of a resolution not taking into account the reservations made by the Audit Supervision Commission - Resolution No. 26/2009 of the Audit Oversight Commission of 10 December 2009 on the refusal to approve resolution No. 1421/33/2009 of the National Council of Statutory Auditors of 3 November 2009 on the Regulations of disciplinary actions against statutory auditors.
17.	Resolution No. 14/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of reviewers.	Resolution No. 3/2009 of the Audit Supervision Commission of 23 July 2009 on the approval of resolution No. 14/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of reviewers.	
18.	Resolution No. 15/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of inspectors.	Resolution No. 4/2009 of the Audit Supervision Commission of 23 July 2009 on the approval of resolution No. 15/30/2009 of the National Supervisory Committee of 22 July 2009 on the adoption of the selection procedure of inspectors.	

Item	A RESOLUTION OF KIBR BODIES	A RESOLUTION OF KNA	REMARKS
19.	Resolution No. 16/30/2009 of the National Supervisory Committee of 22 July 2009 on the rules of continuing education of reviewers and inspectors.	Resolution No. 6/2009 of the Audit Supervision Commission of 13 August 2009 on the approval of resolution No. 16/30/2009 of the National Supervisory Committee of 22 July 2009 on the rules of continuing education of reviewers and inspectors.	
20.	Resolution No. 18/31/2009 of the National Supervisory Committee of 30 July 2009 on the approval of a template protocol of an inspection carried out by reviewers and inspectors.	Resolution No. 12/2009 of the Audit Supervision Commission of 3 September 2009 on reservations about the resolution No. 18/31/2009 of the National Supervisory Committee of 30 July 2009 on the approval of a template protocol of an inspection carried out by reviewers and inspectors.	<ul style="list-style-type: none"> ▪ reservations concerned mistakes and errors, ▪ the Audit Oversight Commission stated the necessity of adjusting the resolution to the national standards on auditing, ▪ Resolution of the National Supervisory Committee on a template review protocol, taking into account reservations of the Audit Oversight Commission, has not been presented again until the end of 2009
21.	Resolution No. 1379/32/2009 of the National Council of Statutory Auditors of 13 October 2009 on the national standards on auditing.	Resolution No. 22/2009 of the Audit Supervision Commission of 16 November 2009 on reservations about the resolution No. 1379/32/2009 of the National Council of Statutory Auditors of 13 October 2009 on the national standards on auditing.	<ul style="list-style-type: none"> ▪ reservations concerned the objection of harming the public interest, breaching the law, bearing by the provisions of the resolution in question the hallmarks of a mistake, ▪ on 17 December 2009 a meeting of representative of the Audit Supervision Commission with the representatives of KRBR was held, on the clarification and interpretation of reservations and remarks of the Audit Supervision Commission to the resolution in question; ▪ until the end of 2009 KRBR had not presented again the resolution in question.

KIBR BODIES' RESOLUTIONS CHALLENGED BY KNA

Item	RESOLUTIONS OF THE BODIES OF THE NATIONAL CHAMBER OF STATUTORY AUDITORS CHALLENGED BY KNA	RESOLUTIONS OF KNA	DATE OF CALLING FOR THE REMOVAL OF THE BREACH OF THE LAW	REMARKS
1.	Resolution No. 920/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.	Resolution No. 2/2009 of the Audit Oversight Commission of 23 July 2009 on the appeal to the Provincial Administrative Court in Warsaw against resolution No. 920/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.	24.07.2009	<ul style="list-style-type: none"> repealed by a resolution of the National Chamber of Statutory Auditors of 3 August 2009 No. 1071/29/2009 on the repealing of resolution No. 920/27/2009 of the National Chamber of Statutory Auditors of 23 June 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.
2.	Resolution No. 1090/29/2009 of the National Chamber of Statutory Auditors of 4 August 2009 amending resolution No. 181/16/2008 on establishing the level of fee on account of entry in the list of entities authorised to audit financial statements and annual fee on account of oversight in 2009.	Resolution No. 14/2009 KNA of 3 September 2009 on the appeal to Provincial Administrative Court in Warsaw against resolution No. 1090/29/2009 of the National Chamber of Statutory Auditors of 4 August 2009 amending resolution No. 181/16/2008 on establishing the level of fee on account of entry in the list of entities authorised to audit financial statements and annual fee on account of oversight in 2009.	17.09.2009	<ul style="list-style-type: none"> repealed by a resolution of the National Council of statutory auditors of 13 October 2009 No. 1375/32/2009 repealing the resolution amending the resolution establishing the level of fee on account of entry in the list of entities authorised to audit financial statements and annual fee on account of oversight in 2009 a new resolution of the National Council of Statutory Auditors of 13 October 2009 No. 1376/32/2009 amending the resolution establishing the level of fee on account of entry in the list of entities authorised to audit financial statements and annual fee on account of oversight in 2009

Item	RESOLUTIONS OF THE BODIES OF THE NATIONAL CHAMBER OF STATUTORY AUDITORS CHALLENGED BY KNA	RESOLUTIONS OF KNA	DATE OF CALLING FOR THE REMOVAL OF THE BREACH OF THE LAW	REMARKS
3.	Resolution No. 1072/29/2009 of the National Chamber of Statutory Auditors of 3 August 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.	Resolution No. 15/2009 KNA of 3 September 2009 on the appeal to Provincial Administrative Court in Warsaw against resolution No. 1072/29/2009 of the National Chamber of Statutory Auditors of 3 August 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.	07.09.2009	<ul style="list-style-type: none"> repealed by a resolution of the National Chamber of Statutory Auditors of 22 September 2009 No. 1260/31/2009 on the repealing of resolution No. 1072/29/2009 of the National Chamber of Statutory Auditors of 3 August 2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form; a new resolution of the National Chamber of Statutory Auditors of 22 September 2009 No. 1261/31/2009 on the approval of template notification about the commencement of professional activities by a statutory auditor and their form.
4.	Resolution No. 1425/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on organisational and programme assumptions of obligatory continuing education of statutory auditors in 2010	Resolution No. 30/2009 KNA of 10 December 2009 on the appeal to Provincial Administrative Court in Warsaw against resolution No. 1425/33/2009 of the National Chamber of Statutory Auditors of 3 November 2009 on organisational and programme assumptions of obligatory continuing education of statutory auditors in 2010	17.12.2009	<ul style="list-style-type: none"> until 31 December 2009 KRBR had not repealed the resolution in question
5.	Resolution No. 1 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the rules of establishing membership fees of statutory auditors.	Resolution No. 35/2009 KNA of 17 December 2009 on the appeal to WSA in Warsaw against resolution No. 1 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the rules of establishing	4.01.2010	<ul style="list-style-type: none"> until 31 December 2009 the Extraordinary National Assembly of Statutory Auditors had not repealed the resolution in question

Item	RESOLUTIONS OF THE BODIES OF THE NATIONAL CHAMBER OF STATUTORY AUDITORS CHALLENGED BY KNA	RESOLUTIONS OF KNA	DATE OF CALLING FOR THE REMOVAL OF THE BREACH OF THE LAW	REMARKS
		membership fees of statutory auditors		
6.	Resolution No. 2 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the basic rules of finance management of the National Chamber of Statutory Auditors.	Resolution No. 35/2009 KNA of 17 December 2009 on the appeal to Provincial Administrative Court in Warsaw against resolution No. 2 of the Extraordinary National Assembly of Statutory Auditors of 24 November 2009 on the basic rules of finance management of the National Chamber of Statutory Auditors.	4.01.2010	<ul style="list-style-type: none"> until 31 December 2009 the Extraordinary National Assembly of Statutory Auditors had not repealed the resolution in question

INFORMATION ON THE ACTIVITIES OF KRBR

1. Entries and deletions from the register of statutory auditors or a list of entities authorised to audit financial statements

Due to the regulations amended by the Act, on the procedure of entries and deletions from the register of statutory auditors and the list of entities authorised to audit financial statements, in the reporting period appropriate solutions in this respect has been established anew, as follows:

- 1) Applicants submit applications for entry/deletion from the register of statutory auditors or list of entities authorised to audit financial statements on templates prepared by the National Council of Statutory Auditors, hereinafter referred to as „KRBR”. In order to simplify the procedures on entries and deletions, KRBR elaborated an application for the entry in the register of statutory auditors and a personal questionnaire, as well as an application the deletion of a statutory auditor from the register of statutory auditors, which constitute appendices to announcement No. 12/2009 KRBR of 1 June 2009 on the entry in the register of statutory auditors. Applications for:

- the entry of a business activity conducted by a statutory auditor on own behalf and on own account in the list of entities authorised to audit financial statements (Article 47(1) of the Act),
- entry of a civil law partnership in the list of entities authorised to audit financial statements (Article 47(2) of the Act),
- entry of a registered partnership in the list of entities authorised to audit financial statements (Article 47(2) of the Act),
- entry of a professional partnership in the list of entities authorised to audit financial statements (Article 47(2) of the Act),
- entry of a limited partnership in the list of entities authorised to audit financial statements (Article 47(3) of the Act),
- entry of a capital company or a cooperative (also applicable to a cooperative auditing association) in the list of entities authorised to audit financial statements (Article 47(4) and 5 of the Act)

together with the templates of:

- a statement on the ability to conduct activity,
- data of an entity applying for the entry in the list of entities authorised to audit financial statements and
- an application for deletion an entity from the list of entities authorised to audit financial statements, constitute appendices to the announcement No. 13/2009 KRBR of 1 June 2009 on the entry in the list of entities authorised to audit financial statements.

The templates of the above applications, immediately after the entry of the Act into force, were sent to all statutory auditors and entities authorised to audit financial statements. Additionally we would like to inform that they are constantly available at the KIBR website (www.kibr.org.pl) as well as at the registered office of KIBR.

- 2) Applicants submit applications by post or personally at the registered office of the National Chamber of Statutory Auditors, hereinafter referred to as „KIBR”.
- 3) Applications received by KIBR, according to the correspondence circulation procedure in force at the Bureau of KIBR, are accepted by the reception desk of the Bureau of KIBR and registered in the correspondence log with subsequent numbers of inflow. Each received application is stamped at the top of the first page with a stamp of inflow stating the date of inflow.
- 4) Applications, after being described by the director of the Bureau of KIBR, are transferred to the employees of the Bureau of KIBR responsible for keeping the register of statutory auditors and the list of entities authorised to audit financial statements.
- 5) The employees of the Bureau of KIBR check applications provisionally with respect to their completeness as well as formal and legal correctness, and then they transfer the verified applications to the Evaluation Commission appointed by KRBR (with Jerzy Łopacki, the member of KRBR, as its Chairperson). In the case of applications that are incomplete, the Chairperson of the Commission, with the cooperation of employees of the Bureau of KIBR, requests applicants to complete documents. The Commission also receives those applications, which despite being formally and legally incomplete, had not been completed by applicants, for example applicants refused to complete them.
- 6) The Registry Commission examines applications presented to it, verifies them again (each member of the Commission signs the application being examined and confirms its completeness) and recommends to KRBR.
- 7) The Chairperson of the Evaluation Commission presents to KRBR, not later than 30 days of the day of submitting the application by an applicant, the application with recommendation of the Commission and a draft resolution of KRBR.
- 8) KRBR passes resolutions on the entry and deletion from the register or list of entities authorised to audit financial statements based on Article 21(2)(4) of the Act. Resolutions on the deletion from the register of statutory auditors and resolutions on the entry and deletion from the list of entities authorised to audit financial statements are passed, according to Article 22(3) of the Act, by the absolute majority of votes, in the presence of at least half of the composition of KRBR.
- 9) KRBR, based on Article 28(1) of the Act, presents resolutions to the Audit Oversight Commission within 14 days of their passing. Resolutions are also sent to applicants with information that the entry in the register and entry in the list is deemed made if the Audit Oversight Commission does not object to the entry within 30 days of the date of receiving a resolution on the entry and an instruction that any appeal against resolutions should be filed to the Audit Oversight Commission, through KRBR, within 14 days of receipt.
- 10) Based on resolutions passed by KRBR, authorised employees of the Bureau of KIBR make appropriate amendments to the register of statutory auditors and to the list of entities authorised to audit financial statements.
- 11) Documents, i.e. originals of filed applications, any correspondence concerning the completion of documentation and copies of resolutions passed by KRBR, are collected in appropriate files of statutory auditors and files of entities. File to which

access is restricted only for authorised individuals, are kept in the Bureau of KIBR. The documents of individuals deleted from the register of statutory auditors, as well as entities deleted from the list of entities authorised to audit financial statements are archived.

In the period from 6 June 2009 to 31 December 2009 – by decision of KRBR – 190 individuals were entered in the register of statutory auditors (effectively 186, because in relation to 4 individuals there was a necessity to repeal the resolution which was passed earlier, directed to KRBR by the Audit Oversight Commission, and to enter them again, which was made on the meeting of KRBR on 26 January 2010), including 7 individuals, referred to in Article 5(3) of the Act. 194 individuals were deleted from the register of statutory auditors (including 44 due to death). In the above period, 84 entities were entered in the list of entities authorised to audit financial statements and 100 entities were deleted from it.

In this period – according to the provisions of Article 12(2) of the Act – 2 appeals of statutory auditors against administrative decisions of KRBR were directed to the Audit Oversight Commission; appeals which are referred to in Article 55(2) of the Act were not received.

2. Qualification procedure for candidates for statutory auditors

According to the Act, KRBR passed in the period from 6 June 2009 to 31 December 2009 the following resolutions concerning the functioning of the Examinations Committee:

- 1) on the basis of Article 8(5) – No. 1080/29/2009 KRBR of 4 August on the by-laws of the Examinations Committee;
- 2) on the basis of Article 9(9)(1) – No. 1081/29/2009 KRBR of 4 August on the framework schedule of conducting qualifications procedure, stipulating the time and place of conducting examinations for candidates for statutory auditors, as well as the examination on the commercial law in force in the Republic of Poland;
- 3) on the basis of Article 9(9)(2) – No. 1082/29/2009 KRBR of 4 August on detailed range of subjects of examinations in the qualifications procedure for statutory auditors;
- 4) on the basis of Article 9(9)(3) – No. 1083/29/2009 KRBR of 4 August on the level of examination fees;
- 5) on the basis of Article 9(9)(3) – No. 1084/29/2009 KRBR of 4 August on the remuneration to which members of the Examinations Committee are entitled;
- 6) on the basis of Article 9(9)(4) – No. 1085/29/2009 KRBR of 4 August on the procedure of appointing examiners by the Examinations Committee and the level of remuneration they are entitled to;
- 7) on the basis of Article 9(9)(5) – No. 1086/29/2009 KRBR of 4 August on the exemptions of candidates for statutory auditors who passed university or equivalent examinations, from examinations on subjects covered with qualifications procedure;
- 8) on the basis of Article 9(9)(5) – No. 1087/29/2009 KRBR of 4 August on the exemptions of candidates for statutory auditors who have the qualifications of tax audit inspectors, from the examination on tax law;
- 9) on the basis of Article 9(9)(6) – No. 1088/29/2009 KRBR of 4 August on the rules of documenting practice and apprenticeship by candidates for statutory auditors;

- 10) on the basis of Article 9(9)(7) – No. 1089/29/2009 KRBR of 4 August on archiving by the Examinations Committee of documents in qualification procedure of candidates for statutory auditors.

These resolutions had not been approved by the Audit Oversight Commission until 31 December 2009. Until the end of the reporting period, works of the Examinations Committee were in progress, on the analysis of reservations expressed by the Audit Oversight Commission to the above-mentioned documents²⁰.

3. Obligatory continuing education of statutory auditors

According to the Act, KRBR passed in the period from 6 June 2009 to 31 December 2009 the following resolutions concerning obligatory continuing education of statutory auditors:

- 1) on the basis of Article 21(2)(3) letter e) of the Act – No. 1422/33/2009 KRBR of 3 November 2009 on the rules of obligatory continuing education training of statutory auditors;
- 2) on the basis of Article 4(3)(1) of the Act – No. 1423/33/2009 KRBR of 3 November 2009 on the range of topics and minimum number of hours of obligatory continuing education training of statutory auditors;
- 3) on the basis of Article 4(3)(2) of the Act – No. 1424/33/2009 KRBR of 3 November 2009 on the rules of obtaining qualifications for conducting obligatory continuing education training of statutory auditors.

The above resolutions were approved by the Audit Oversight Commission on 14 December 2009 and placed on the website of KIBR²¹.

In 2009 the obligatory continuing education training for statutory auditors took place on the basis of provisions of resolution No. 4 of the Fourth National Assembly of Statutory Auditors of 30 June 2007 on the rules of obligatory continuing education training of statutory auditors, hereinafter referred to as „resolution No. 4”. Because this training concerns a year as a whole, the information below covers the period from 1 January 2009 to 31 December 2009, i.e. also the period before the Act entered into force.

According to resolution No. 4, obligatory continuing education training in 2009 could be conducted by:

- 1) KRBR and the regional branches of KIBR – according to the organisational and programme assumptions established by KRBR;
- 2) entities authorised to audit financial statements, after obtaining approval of KRBR;
- 3) The Accountants Association in Poland, after obtaining approval of KRBR.

Entities authorised to audit financial statements and the Accountants Association in Poland, hereinafter referred to as „training entities”, applying for their approval as entities conducting obligatory continuing education training in 2009, were obliged, according to the announcement No. 8 of KRBR of 13 January 2009, to submit by 31 January 2009 applications for the obtaining their approval as entities conducting obligatory continuing education

²⁰ Their result was the submission of amended draft resolutions to be passed by KRBR on its meeting on 16 February 2010 and 9 March 2010.

²¹ In connection with the above-mentioned resolutions, KRBR passed in 2010 resolution No. 1577/37/2010 of 26 January 2010 on the organisational and programme assumptions of obligatory continuing education of statutory auditors in 2010 (the resolution was also placed on the website of KIBR) and it plans to pass a resolution on determining a list of entities authorised to conduct obligatory continuing education for statutory auditors in 2010.

training of statutory auditors, containing documents required by the provisions of resolution No. 4.

Those Applications were accepted and examined according to the following procedure:

- 1) Applicants submit applications for obtaining approval to conduct obligatory continuing education training of statutory auditors in specific modules with the organisational and programme assumptions, referred to in resolution No. 4. Resolution No. 4 was available on the website of KIBR (www.kibr.org.pl) and at the registered office of KIBR.
- 2) Applicants submit applications by post or personally at the registered office of KIBR.
- 3) Applications received by KIBR, according to the correspondence circulation procedure in force at the Bureau of KIBR, are accepted by the reception desk of the Bureau of KIBR and registered in the correspondence log with subsequent numbers of inflow. Each received application is stamped at the top of the first page with a stamp of inflow stating the date of inflow.
- 4) Applications, after being described by the director of the Bureau of KIBR, are transferred to the employees of the Bureau of KIBR responsible the training and publishing activities of KIBR.
- 5) The employees of the Bureau of KIBR check applications provisionally with respect to their completeness as well as formal and legal correctness, and then they transfer the verified applications to of the Training Commission established by KRBR. In the case of applications that are incomplete, the employees of the Bureau of KIBR requests applicants to complete documents.
- 6) Member of the Training Commission responsible for giving an opinion on applications of entities applying for their acceptance as entities conducting training in the framework of obligatory continuing education of statutory auditors, analyses the received materials and then presents his/her opinion to the Commission. Based on this, the Training Commission passes a decision and recommends training entities of KRBR.
- 7) The Training Commission on the next meeting of KRBR presents a draft resolution containing a list of training entities recommended by the Commission.
- 8) KRBR, taking into account the recommendation of the Training Commission, evaluates applications submitted by entities applying for the acceptance as entities conducting obligatory continuing education training and passes a resolution on the approval of entities conducting training in the framework of obligatory continuing education of statutory auditors.
- 9) KRBR, on the basis of Article 28(1) of the Act, delivers the resolution to the Audit Oversight Commission within 14 days of its passing. At the same time information together with the resolution is also sent to the applicants with a reservation that according to Article 64(1)(5) of the Act, the Audit Oversight Commission has the right to the appeal against the enclosed resolution to an administrative court.
- 10) After the resolution passes by KRBR becomes final and valid, authorised employees of the Bureau of KIBR make an appropriate entry on the list of training entities, referred to in resolution No. 4. The list is placed on the website of KIBR.

Based on resolution No. 792/25/2009 KRBR of 20 May 2009 on the approval of entities conducting training in 2009, in connection with obligatory educational training of statutory auditors, 20 training entities in total obtained approval to conduct obligatory continuing education courses. The courses were organised by 14 entities authorised to audit financial statements, the Center of Professional Training of the Accountants Association in Poland and 21 regional branches of Accountants Association in Poland.

Based on resolution No. 4, KRBR and 27 regional branches of KIBR also could conduct obligatory continuing education courses in 2009. Training courses were organised in 20 regional branches of KIBR. KRBR based on resolution No. 567/22/2009 of KRBR of 17 March 2009 on supplementing the range of topics of obligatory continuing education of statutory auditors in 2009, organised 10th Annual Conference on Auditing.

According to resolution No. 4, KRBR organised in 2009 inspections of obligatory continuing education courses, covering, in particular, a review of observance by entities conducting courses of the rules established in resolution No. 4 and conformity of the training courses with terms declared in organisational and programme assumptions.

In 2009, inspections were conducted in four entities that conducted obligatory continuing education training: one entity authorised to audit financial statements, two regional branches of KIBR and one provincial branch of Accountants Association in Poland.

During the inspections, no errors were detected. In the opinion of inspectors, the organisation of courses was satisfactory. The realization of the programme in all cases met the conditions of resolution No. 4.

KRBR keeps a register of training courses completed by individual statutory auditors. however It does not keep a record of the number of training courses organised by individual entities.

The number of statutory auditors subject to obligatory continuing education amounted to 7 358 in 2009. This number was determined in the following was:

The number of statutory auditors entered in the register of statutory auditors as at 31 December 2009 amounted to 7 741 individuals; this number was reduces by 383 statutory auditors entered in the register in 2009 (according to the rules of obligatory continuing education in force in 2009, those individuals were not subject to obligatory training courses in 2009).

Out of 7 358 statutory auditors subject to obligatory continuing education in 2009, the National Council of Statutory Auditors, on the basis of a decision, exempted (or deemed as completed) 836 statutory auditors – on the basis applications submitted by them – from obligatory training courses in 2009, where in the case of:

- 1) 701 statutory auditors – who supported themselves only from social security benefits – it was deemed that the continuing education condition is met,
- 2) 15 statutory auditors - it was deemed that the continuing education condition is met on the basis of a documented application, containing an insight into the work of a statutory auditor in the field of accounting and auditing, in scientific and educational work, in specialist magazines or in legislative works;
- 3) 63 statutory auditors were exempted from the obligation of continuing education, on the basis of a documented application of a statutory auditor affected by a random incident;
- 4) 40 statutory auditors - it was deemed that the continuing education condition is met, on the basis of applications of individuals supporting themselves only from social security benefits;
- 5) 17 statutory auditors - it was deemed that the continuing education condition is met, based on an application documenting a participation of a statutory auditor in other forms of training courses.

In 2009:

- 1) the number of statutory auditors, who completed obligatory continuing education courses, were exempted from their completion or in the case of which the courses were deemed as completed, amounted to 6 541;
- 2) the number of statutory auditors carrying out the profession, who did not participate in the full-time, i.e. 30-hour courses and participated only in a 15-hour course, amounted to 108;
- 3) the number of statutory auditors, who did not fulfil the obligation of obligatory continuing education courses (i.e. they did not participate in any training course) amounted to 709²².

In 2009, the National Council of Statutory Auditors directed to the National Disciplinary Spokesperson 271 applications for the initiation of a disciplinary action against statutory auditors, who in the years 2007-2008 did not fulfil the obligation of continuing education of statutory auditors.

4. National standards on auditing

According to the Act, in the period from 6 June 2009 to 31 December 2009, KRBR passed, on the basis of Article 21(2)(3) letter a) of the Act, resolution No. 1379/32/2009 of KRBR, of 13 October 2009 on national standards on auditing, which was not approved by the Audit Oversight Commission. Until the end of the reporting period, works of the Auditing and Professional Standards Commission were in progress on the analysis of reservations expressed by the Audit Oversight Commission to the above-mentioned resolution.

5. Quality control of entities authorised to audit financial statements

According to the Act, in the period from 6 June 2009 to 31 December 2009, KRBR passed, on the basis of Article 21(2)(3) letter b) of the Act, resolution No. 1378/32/2009 of KRBR, of 13 October 2009, on the rules of internal quality control of entities authorised to audit financial statements. This resolution was approved by the Audit Oversight Commission on 23 November 2009.

6. Principles of professional ethics of statutory auditors

According to the Act, in the period from 6 June 2009 to 31 December 2009, KRBR passed, on the basis of Article 21(2)(3) letter c) of the Act, resolution No. 1426/33/2009 of KRBR, of 3 November 2009 on the rules of professional ethics of statutory auditors. This resolution was approved by the Audit Oversight Commission on 14 December 2009

7. Disciplinary actions for statutory auditors

According to the Act, in the period from 6 June 2009 to 31 December 2009, KRBR passed, on the basis of Article 21(2)(3) letter d) of the Act, resolution No. 1042/28/2009 of KRBR of 21

²² On 30 March 2010, during a meeting of the National Council of Statutory Auditors, a decision was passed on the referral to the National Disciplinary Spokesman, of applications for the initiation of disciplinary actions against all statutory auditors, who in 2009 did not fulfil the obligation of continuing education of statutory auditors. Those applications concern individuals who did not fulfil the obligation of mandatory continuing education as well as those who participated in the courses but not in full time.

July 2009 on the Regulations of disciplinary actions against statutory auditors, which was not approved by the Audit Oversight Commission. As the result of analysis of reservations to the above-mentioned resolution of the Audit Oversight Commission, the National Disciplinary Spokesperson and the National Disciplinary Court prepared an amended draft resolution, which was presented to KRBR for voting on 3 November 2009. On that day, KRBR passed resolution No. 1421/33/2009 of KRBR on the Regulations of disciplinary actions against statutory auditors, which also was not approved by the Audit Oversight Commission.

Until the end of the reporting period, the works of the National Disciplinary Spokesperson and the National Disciplinary Court were in progress, on the analysis of reservations to the above-mentioned resolution, expressed by the Audit Oversight Commission.

8. Annual fees on account of oversight

According to the Act, in the period from 6 June 2009 to 31 December 2009, KRBR passed on the basis of Article 21(2)(8) of the Act, resolution No. 1090/29/2009 KRBR of 4 August 2009 amending resolution No. 181/16/2008 on establishing the level of fees on account of the entry in the list of entities authorised to audit financial statements and the annual fee on account of oversight in 2009, in which it determined, among other things, the level and method of determining annual fee on account of oversight in the period from 6 June 2009 to 31 December 2009. The Audit Oversight Commission called on KRBR to remove the breach of the law in the above-mentioned resolution, because of which on 13 October 2009 KRBR passed the following resolutions:

- 1) on the basis of Article 21(2)(8) of the Act – No. 1376/32/2009 of KRBR amending resolution establishing the level fees on account of the entry in the list of entities authorised to audit financial statements and the annual fee on account of oversight in 2009;
- 2) on the basis of Article 21(2)(15) of the Act – No. 1377/32/2009 of KRBR on the methods of payment of the annual fee on account of oversight.

Additionally in the above period, KRBR, on the basis of Article 21(2)(8) of the Act, passed resolution No. 1490/34/2009 of KRBR, of 1 December 2009 on the level of the annual fee on account of oversight in 2010.

9. Fines imposed on entities authorised to audit financial statements

According to the provisions Article 21(2)(14), the competence of KRBR includes, among other things, passing resolutions on the imposition of fines on entities authorised to audit financial statements and on the prohibition of carrying out the auditing activities for the period from 6 months up to 3 years. In the period from 6 June 2009 to 31 December 2009 KRBR did not impose any of the above mentioned fines on entities authorised to audit financial statements.

ANNUAL REPORT OF THE NATIONAL SUPERVISORY COMMITTEE ON THE REALISATION OF REVIEW PLANS FOR THE YEAR 2009

I. Introduction

This report covers a transitional period, i.e. a period, in which the provisions of the new Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649), hereinafter referred to as the Act, entered into force.

A transitional nature of this period, constituting the subject of this report, implies many consequences:

- this annual report does not refer to review plans, prepared according to Article 26(8) of the Act, because at the moment of approval by the National Supervisory Committee (KKN) of a review plan for 2009, this Act was not in force,
- the review plan approved by KKN for the year 2009, was prepared according to the rules which were applied earlier, in particular, without singling out entities authorised to audit entities of public interest and in principle it covered the first half of 2009,
- the previous scope of information available in the IT system of KKN will require adjustment to the requirements of the new Act,
- during the year the Committee functioned in legal circumstances which changed several times, which obviously reduced the possibility of efficient and effective fulfilment of its tasks.

In 2009, the National Supervisory Committee of the National Chamber of Statutory Auditors functioned based on the following regulations:

- a. until 5 June 2009 :
 - Act of 13 October 1994 on statutory auditors and their self-government (Journal of Laws of 2001, No. 31, item 359, as amended),
 - Statutes of the National Chamber of Statutory Auditors,
 - By-laws of the National Supervisory Committee,

b. since 6 June 2009:

- Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649), whereas until 5 December 2009 the Statutes of the National Chamber of Statutory Auditors and the By-laws of the National Supervisory Committee were in force.

In the period covered with the report, the Committee consisted of the following members:

1. Mirosław Kośmider – Chairperson,
2. Urszula Piszczorowicz – Vice-Chairperson,
3. Marek Błaszak – Member,
4. Jadwiga Godlewska – Member,
5. Ewa Sowińska – Member.

Until the day of this report, the composition of the Committee remained unchanged.

The National Supervisory Committee fulfilled its review tasks with the help of a group of inspectors. Inspectors were selected based on criteria adopted by the Commission and the rule that gives the right to appoint candidates for inspectors by all bodies of the National Chamber of Statutory Auditors and regional branches of the National Chamber of Statutory Auditors.

The National Supervisory Committee appointed:

- 71 inspectors (by Decision of 10 March 2009), additionally
- 2 inspectors (by Decision of 15 April 2009),

i.e. 73 inspectors in total.

Additionally, on 30 July 2009 the National Supervisory Committee finished the process of recruiting reviewers and selected three candidates for reviewers, who on 24 September 2009 were approved by the Audit Oversight Commission. Until 31 December 2009, those individuals had not been employed by the National Chamber of Statutory Auditors. Employment agreements with reviewers were concluded on 31 December 2009, with the day of commencement of work set for 1 January 2010.

II. Realisation of tasks of the National Supervisory Committee in 2009

1. As indicated above, the review plan for 2009 has been drawn up according to the legal situation in force at the beginning of this year.

According to the above-mentioned acts, the National Supervisory Committee was obliged to:

a. organise and exercise control over:

- due performance of professional activities by statutory auditors,
- observance of audit (review) procedures of financial statements by entities authorised to audit financial statements,

b. conduct reviews in every entity authorised to audit at least once every three years.

The basic form of fulfilling the tasks by the National Supervisory Committee were reviews conducted in accordance with the approved plans, the so-called planned reviews.

2. Criteria of selecting entities to the review plan in 2009:

- entities which underwent a review 3 years back or earlier,
- entities, which were established 3 years back and did not undergo a review,
- entities, which underwent a review in 2008 and the review ended with a conclusion that a re-review should be conducted.

3. The number of entities planned for review:

- planned reviews for the first half of 2009 - 523, including:
the number of reviews planned in the period from 6 June to 6 August 2009 (due to the date resulting from Article 118(3) of the Act) – 326.

4. Emergency reviews - none.

During 2009 the National Supervisory Committee received 11 complaints, out of which 3 ended with a refusal to institute explanatory proceedings due to formal reasons (i.e. outside the competence or capabilities of the Committee), 7 with respect to which explanatory proceedings were initiated and ended with explanation of the complaint and approval of applications by the Committee, without the necessity to institute an emergency review and 1 complaint ended with a decision to institute a review proceedings in the second half of 2009 (the review did not take place due to formal reasons).

5. The number reviews conducted during 2009:

- actually conducted reviews ended with a review report - 452, including:
 - reviews conducted in the period from 6 June to 6 August 2009 – 294,
 - reviews not conducted - 71 including:
in the period from 6 June to 6 August 2009 – 32
- reviews in progress as at 31.12.2009 – none.

6. The main reasons for not conducting a review:

- postponement of a review until the second half of the year 2009, at an entity's request,
- an entity informed that it audits entities of public interest,
After 6 June 2009 such reviews could only be conducted by reviewers and not by inspectors, hence the enquiries addressed to every entity on this matter.
- deletion of an entity from the list of entities authorised to audit financial statements,
- other (e.g. illness of a statutory auditor).

7. The National Supervisory Committee has no data on the average duration of review activities until the day of signing a review report.

8. As a result of reviews conducted by inspectors under the supervision of members of the National Supervisory Committee, irregularities have been stated in 171 entities.

9. The form of concluding reviews, in which irregularities were stated:

- 169 reviews ended with letters with comments, including:
 - 29 reviews with a decision about necessity of a repeated review,
 - 2 reviews ended with a motion to the National Disciplinary Spokesperson to institute a disciplinary action against statutory auditors, including one additional motion to the National Chamber of Statutory Auditors to institute administrative proceedings against an entity.

While taking decisions about the form of concluding reviews, the National Supervisory Committee was taking into account the possibility of effective imposition of possible sanctions on entities authorised to audit, in which significant irregularities were stated, in a situation of a changing legal situation.

10. Exemplary irregularities:

- gaps in audit plans, also in the scope of determining the level of significance of audit and assessment of risks,
- planning was not used to determine the directions of audit, including lack of adjustment of the audit scope and methods to assumed parameters, such as the significance level and the level of risks,

- one of the forms of activity was not insured, irregularities in insurance policies,
- no quality control system was elaborated and implemented, which would stipulate the basic rules and procedures of the quality control of financial statements' audit and other attestation services,
- there were no rules of determining the prices of services rendered by an entity,
- there was no conformity of the data of an entity with the register of the National Chamber of Statutory Auditors,
- the reports on an entity's activity were sent with delays,
- a fee on account of oversight was paid with delays.

11. Except for the fulfilling of a statutory duty of exercising oversight and control over statutory auditors and entities authorised to audit, the National Supervisory Committee acknowledges its preventive function as a significant objective of its activity.

Due to a transitional nature of the described period, and limited capabilities, in 2009 the Committee fulfilled its preventive functions to a limited extent. The fulfilment by the Committee of preventive functions, took the following forms:

- granting public access to templates of review documents and procedures,
- presenting conclusions from reviews at the meetings in regional branches of the National Chamber of Statutory Auditors,
- training courses for inspectors.

12. The following training courses were conducted in 2009:

- a. courses on 15 -18 April – for inspectors.

The topics of the training courses:

- discussion on the rules of reviews in 2009,
- discussion on the selected substantive issues and documentation of substantive reviews,
- solving cases occurring during reviews, by inspectors.

- b. courses on 6 - 9 December – for inspectors and reviewers of KIBR, with the participation of a representative of the Bureau of the Audit Oversight Commission.

The topics of the training courses:

- discussion on the Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649) in the scope of reviews,
- quality control in small and big audit firms,
- a meeting with Arkadiusz Opala, a judge, on the documenting of reviews (with the National Disciplinary Spokesperson and the National Disciplinary Court),
- discussion on a draft review protocol.

13. A representative of the National Supervisory Committee participated in one meeting at the Regional Branch of KIBR in Rzeszów during 2009.

Similarly as in previous years, when the number of meetings of the Committee's representatives in regional branches was significant, the Committee intends to turn to the regional branches with a proposal of returning to the organisation of such meetings.

III. Assessment of the results of actions undertaken in 2009 and activities planned in 2010

The results of actions conducted by the National Supervisory Committee, including those undertaken in 2009, should be perceived over the long term. On the basis of observations the Committee' actions in previous years, it may be claimed that the conducted reviews showed a decrease in the occurrence of some irregularities in the reviewed entities, mainly of formal nature.

The National Supervisory Committee pointed out, in different forms, a number of repeating irregularities, as well as audit areas of financial statements, which require polishing up in environment of statutory auditors. The most important of these areas is the quality of audit documentation, as well as the methodological and technical correctness of audit of financial statements.

The National Supervisory Committee, being aware of the responsibility for the tasks entrusted under the provisions of the Act in relation to quality control, and at the same time, realizing that the full responsibility for the oversight is borne by a public oversight body, tries to make an effort to meet KNA's expectations.

In our opinion, the experience to date confirms that the Committee is ready to meet those expectations, simultaneously taking into account the needs of the environment of statutory auditors.

The year 2010 will be the first full year of the activities of KKN as well as the whole National Chamber of Statutory Auditors under the new Act.

In accordance with the Act, KKN intends to:

- exercise control over the observance of the provisions and procedures related to the performance of audit activities by statutory auditors and activities of entities authorised to audit financial statements,
- after the acceptance of review plans, KKN shall publish them on the website of the National Chamber of Statutory Auditors,
- keep and publish on the website of the National Chamber of Statutory Auditors, a list of entities authorised to audit financial statements, carrying out, at least once during 3 years, audit activities in entities of public interest.

The above tasks will be preceded by the amendment of the documentation and review procedures by adjusting them to the requirements of the new Act.

Report on the activities of the National Disciplinary Court the year 2009

This report has been drawn up based on instruction included in Article 24(7) Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649).

In 2009, the National Disciplinary Court issued 189 rulings, including 170 rulings in the first instance and 19 rulings in the second instance.

In the case of rulings of the Court of First Instance, a cross section of decisions taken in individual months of 2009 was as follows:

- 31 rulings were issued in January, including 26 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 3 from the National Supervisory Committee (KKN), 2 from the category of other issues;
- 49 rulings were issued in February, including 48 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 1 ruling from the category of other issues;
- 3 rulings were issued in March, including 2 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 1 ruling from the category of other issues;
- 10 rulings were issued in April, including 4 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 3 from KKN, 3 from the category of other issues;
- 37 rulings were issued in May, including 25 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 4 from KKN, 8 from the category of other issues;
- 7 rulings were issued in June, including 7 on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006;

- 4 rulings were issued in July, including 1 ruling on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 1 ruling from KKN, 2 from the category of other issues;
- 6 rulings were issued in September, including 1 ruling on the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 1 ruling from KKN, 4 from the category of other issues;
- 12 rulings were issued in October, including 1 ruling from KKN, 11 from the category of other issues;
- 6 rulings were issued in November, including 5 from KKN, 1 ruling from the category of other issues;
- 5 rulings were issued in December, including 1 ruling from KKN, 4 from the category of other issues.

In the case of the above presented rulings of the Court of First Instance:

- a punishment of disciplinary admonition was imposed in 84 cases;
- a punishment of disciplinary rebuke was imposed in 21 cases;
- in one case a punishment of disciplinary suspension in the professional activities for the period of one year was imposed;
- in one case a punishment of disciplinary suspension in the audit activities for the period of three years was imposed;
- the guilt of the accused was recognised and the punishment was not imposed due to negligible social harmfulness of the act in 17 cases;
- the accused was acquitted in 9 cases;
- the proceeding was dismissed in 23 cases;
- the trials were adjourned 3 times.

A reservation should be made here that there were situations when, within one case, there were several accused, each with a different level of punishment, sometimes even acquitted.

From among other cases examined by the Court of First Instance, special attention should be drawn to the complaints raised by the participants of the proceedings following a decision of the National Disciplinary Spokesperson. In 2009, the Court of First Instance examined 8 such complaints, and the following decisions were made:

- the Court sustained the decision of the National Disciplinary Spokesperson on the completion of the explanatory proceeding and refusal to initiate a disciplinary proceeding 6 times;
- the Court sustained the decision of the National Disciplinary Spokesperson on the discontinuance of the disciplinary proceeding one time;
- the Court refused to accept a complaint as it was lodged by an unauthorised party, one time.

Apart from this, in the framework of oversight activities, the Chairperson of the National Disciplinary Court:

- in one case, by a decision, refused to take into consideration a complaint lodged against a decision of the National Disciplinary Spokesperson, as it was lodged after the deadline;
- in one case, by a decision, refused to take into consideration complaints lodged against a decision of the National Disciplinary Spokesperson, as it was lodged by unauthorised individuals;
- in one case the Chairperson informed in writing a participant of the proceeding of a statutory auditor (a case concerning the failure to pay membership fees), that the completion of the cases by the Spokesperson, by a decision on discontinuance of the investigation does not result – as it was misunderstood by the statutory auditor – in a sanction in the form of deletion from the register of statutory auditors;
- in one case the Chairperson returned, by a decision, the files of the case to the National Disciplinary Spokesperson, in order to remove formal defects.

In the context of the rulings of the National Disciplinary Court, the rulings of the Court of Second Instance constituted separate issues. During 12 months of 2009 19 such rulings were issued, including 11 concerning the failure to fulfil the obligation of continuing education training for the cycle 2005-2006, 5 concerning KKN, 3 – from the category of other cases. The rulings of the Court of Second Instance were as follows:

- in 7 cases a ruling of the Court of First Instance was sustained, i.e. a punishment of admonition;

- in 3 cases a ruling of the Court of First Instance was sustained i.e. a punishment of rebuke;
- in one case a ruling of the Court of First Instance was sustained i.e. acquittal;
- in one case a challenged decision of the Chairperson of KSD on the refusal to accept an application for the restoration of a term for lodging appeals was sustained;
- in one case a ruling of the Court of First Instance on the costs of a disciplinary action was amended;
- in 3 cases a ruling of the Court of First Instance was amended, i.e. instead of admonition, the guilt of the accused was recognised but no punishment was imposed due to an insignificant social harmfulness of the act;
- in one case a ruling of the Court of First Instance was partly amended, although in the end the punishment of admonition was sustained;
- in one case a ruling of the Court of First Instance was amended, i.e. the accused, instead of a rebuke, was given a punishment of admonition;
- in one case a ruling of the Court of First Instance was overruled, i.e. a punishment of admonition, and the proceeding was discontinued.

In 2009, the National Disciplinary Spokesperson referred 71 cases ended with an act of accusation, to the National Disciplinary Court, and after the entry into force of the new Act, with a proposal of punishment. In 37 cases out of them, the guilt of the accused was confirmed during the legal action.

Important issues, from the point of view of instance oversight in relation to the rulings of the National Disciplinary Court were in 2009 appeals of the parties of the proceedings directed to courts of general jurisdiction. In the discussed reporting period, 13 appeals and 1 application for the resumption of a proceeding were filed to courts of general jurisdiction. Out of 13 appeals and one application for the resumption of a proceeding, only one appeal was filed under the previously effective Act to the Appellate Court - the Court of Labour and Social Insurance, while in 13 other cases the Regional Court – the Court of Labour and Social Insurance was a competent court. When it comes to the subjects of the cases in which appeals and application for the resumption of a proceeding were filed to courts of general jurisdiction, they were as follows:

- in 9 cases the accusations came from KKN;

- w 4 cases the accusations concerned the failure to fulfil the obligation of training courses in the cycle 2005-2006;
- in one case the accusations came from individuals – the aggrieved.

In relation to the above-presented appeals, a final and valid ruling was given in only one case, where the Regional Court dismissed the appeal of the accused and sustained the ruling of the National Disciplinary Court. The rulings in the case of other appeals and the application for the resumption of a proceeding were made or will be made in 2010.

The most frequent breach of the law that are the subject of examination by the National Disciplinary Court are:

- in relation to cases from KKN - Standard No. 1 on the performance of the profession of a statutory auditor, points: 13, 14, 22, 26, 27, 28, from 32 to 40, 41, 69, 75, 75a, 75b, 75c, 75j, 80, 81e, 85, Standard No. 5 on the performance of the profession of a statutory auditor points: 17, 20, 21, Article 6(3) and (4), Article 12(1) point 3, Article 12(2) point 1, Article 12(3), Article 12(6) and 7, Article 14a(2), Article 17(1) point 1, Article 29 of the Act of 13 October 1994 on statutory auditors and their self-government (Journal of Laws of 2001 No. 31, item 359 as amended), Article 52(2), Article 65(1), Article 65(2) point 4, Article 65(3) point 2, Article 65(5) point 7, Article 65(6), Article 66(2) and (4) of the Accounting Act of 29 September 1994 (Journal of Laws z 2002 r. No. 76, item 694 as amended), point 9.1 and 9.2 of the Professional Code of Ethics of statutory auditors;
- in relation to cases for the lack of training courses in the cycle 2005-2006 - Article 12(1) point 2 and 3 of the Act of 13 October 1994 on statutory auditors and their self-government;
- in relation to other cases - Standard No. 1 on the performance of the profession of a statutory auditor, points: 8, 10, 12, 13, 14, 15, 21, from 26 to 31, 44, from 52 to 55, 63, 64, 65, 71, 74, 75a, Standard No. 5 on the performance of the profession of a statutory auditor, points: 20-22, Article 12(1) point 3 and 4 of the Act of 13 October 1994 on statutory auditors and their self-government, Article 24(5), Article 28, Article 34, Article 45(1) of the Accounting Act of 29 September 1994 and points: 2.1, 2.6, 3.1, 4.1, 5.1 of the Professional Code of Ethics of statutory auditors.

A new instrument of voluntary submission to punishment, which was introduced to a disciplinary action, was effectively used in the proceeding before the Court in relation to four defendants, while in three cases – where the accused filed an application for a voluntary submission to punishment – the trials are scheduled for 2010. Apart from this, in two cases the parties to the proceeding, i.e. the Disciplinary Spokesperson and the aggrieved did not express consent (during the trial before the Court) to the use of the voluntary submission to punishment.

In the reporting period, after entry into force of the new Act, 10 cases were conducted based on previous regulations.

Important aspects connected with the activities of the National Disciplinary Court were two meetings organised in 2009 for the members of this body. Each such meeting was an opportunity to develop the knowledge of the judges of the Disciplinary Court in the scope of widely understood penal and disciplinary proceeding, and it created favourable environment for the exchange of views and experience on the subject of adjudication. During every meeting, the rulings issued by the Courts of First and Second Instance were discussed in detail by the Chairperson of KSD. A meeting during a joint Conference of the National Disciplinary Court, the National Disciplinary Spokesperson and his deputies and the National Supervisory Committee (organised in Józefów near Warsaw) with Arkadiusz Opala, a judge of the Commercial Court, was not without significance in the case of improving the knowledge of the National Disciplinary Court's members. A discussion with a professional judge (a practitioner for many years) constituted a good occasion for reinforcing the knowledge of the National Disciplinary Court's members in relation to a disciplinary procedure, penal procedure, work methods of a disciplinary judge, in particular in the context of the new Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight, in force since June 2009. In addition the form of a lecture with a case study, which was offered by judge Arkadiusz Opala, was acclaimed by all participants of the Conference.

The fact that the provisions of the new Act have been in force for several months may result in some conclusions, in particular in assessment of the effectiveness of disciplinary actions. The increased catalogue of punishments which may be adjudicated by the Court, the institution of voluntary submission to punishment, publication on the website of KIBR of some types of punishments – these are important trial instruments which determine the effectiveness of disciplinary actions. There is still a large potential in the scope of using the institution of voluntary submission to punishment by the accused, which significantly

simplifies the procedure and shortens the time of a trial, which in turn increases the effectiveness of adjudication.

It is worth considering whether the Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight, which is currently in force, should not be, in the not too distant future, amended with the approval of the Minister of Finance, with respect to substituting the Regional Courts – the Courts of Labour and Social Insurance adjudicating as the Court of First Instance for criminal courts, adjudicating on the basis of criminal procedure, which shows many similarities to a disciplinary action – it could expedite the examination of cases. Additionally the first signs of practical difficulties, which were encountered by courts of general jurisdiction adjudicating based on dual procedures (criminal before KSD and civil before courts of general jurisdiction) are visible. In a few cases, regional courts postponed the ruling on the subject matter and first addressed a legal question to the Supreme Court on which procedure they should apply in the appeal proceedings. At present, it is justified to accept a statement that a comprehensive, complete assessment of the effectiveness of disciplinary actions will be possible only after completion of a larger number of proceedings in courts of general jurisdiction.

Referring to the issues of planned actions of the Court for 2010, hopefully the meetings of members of the National Disciplinary Court and joined meetings with the Disciplinary Spokesmen will be continued. The number of rulings issued by the Court in 2010 remains unknown and depends on the number of cases that will be referred to the court proceeding by the National Disciplinary Spokesperson.

Chairperson
of the National Disciplinary Court

(-)

Józef Król

REPORT ON THE ACTIVITIES OF THE NATIONAL DISCIPLINARY SPOKESPERSON FOR 2009

Acting on the basis Article 25(4) Act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements and on public oversight (Journal of Laws No. 77, item 649), the National Disciplinary Spokesperson presents the report on the activities for 2009

The Fourth National Assembly of Statutory Auditors selected Florian Osekowski as the National Disciplinary Spokesperson as well as:

- Alicja Garbalińska,
- Zofia Kielan,
- Zofia Kos-Sokołowska,
- Irena Kucharewicz,
- Janina Miler,
- Andrzej Nowaczewski,
- Michał Przybyła,
- Marek Strugała

as deputies of the National Disciplinary Spokesperson.

In the period from 1 January 2009 to 31 December 2009, **706** applications for the institution of a disciplinary action were received by the National Disciplinary Spokesperson. Additionally the National Disciplinary Spokesperson conducted **61** cases that did not end in previous years.

The National Disciplinary Spokesperson with his deputies conducted 767 cases, out of which:

- the number of cases finished by the Spokesperson in the form of:
 - decisions on the refusal to institute a disciplinary investigation **14**

- decisions on the completion of an explanatory proceeding and refusal to institute a disciplinary investigation **96**
 - decisions on dismissal of a disciplinary investigation **385**
 - referred to the Court (complaints about the decisions of the Spokesperson on dismissal or on the refusal to institute a disciplinary investigation) **8**
 - referred to the Court (acts of accusation and applications for punishment) **71**
 - additionally as at 31.12.2009 the proceedings still in progress **193**
- cases.

There were the following applicants in 61 cases from the previous period:

- the National Supervisory Committee in 4 cases
- the National Council of Statutory Auditors in 44 cases (courses 2005/2006)
- other entities (economic entities, individuals) in 13 cases.

Applications for institution of a disciplinary action were filed by:

- the National Council of Statutory Auditors (it concerns, in particular, the cases of statutory auditors who do not participate in obligatory continuing education and failed to pay membership fees in the years 2005-2008) **691** applications,

and other entities, namely:

- the National Supervisory Committee **34** applications
- the Audit Oversight Commission **3** applications
- statutory auditors **2** applications
- entities authorised to audit financial statements **2** applications
- the Financial Supervision Authority **1** application
- economic entities **21** applications
- individuals **5** applications
- unknown person **1** application
- members of housing cooperatives **3** applications
- the National Council of Statutory Auditors (cases other than above-mentioned) **4** applications

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Total **767** applications

A detailed list of the number of cases conducted in 2009 by the Spokesperson is presented in the enclosed table.

In the reporting period, the National Disciplinary Spokesperson issued 325 decisions on the institution of an explanatory proceeding (including 312 after 6 June 2009) and 571 decisions on the initiation of a disciplinary investigation (including 207 after 6 June 2009).

The National Disciplinary Spokesperson referred to the National Disciplinary Court 71 acts of accusation (including 34 applications for punishment after 6 June 2009). The legal qualification of accusations that were the basis for filing acts of accusation and applications for punishment is presented below:

- there were 40 cases of statutory auditors who did not participate in obligatory continuing education courses in the years 2005/2006 and 2007/2008 - Article 12(1) point 2 and 3 of the Act of 13 October 1994 on statutory auditors and their self-government (Journal of Laws of 2001 r. No. 31, item 359, as amended) and point 5.3 of the Professional Code of Ethics of Statutory Auditors,
- there were 9 cases of statutory auditors who did not pay membership fees in the years 2005-2008 - Article 12(1) point 3 and 4 of the Act of 13 October 1994 on statutory auditors and their self-government and point 12.6 of the Professional Code of Ethics of Statutory Auditors,
- there were 15 cases filed by KKN, in which the breach concerned:
 - Article 6(3) and 4, Article 12(3), Article 12(2) point 3, Article 12(2) point 1, Article 31(1), Article 17(1) point 3, Article 17(1) point 1, Article 14 a(2), Article 12(6) and 7 of the Act on statutory auditors and their self-government,
 - Article 66(2), Article 52(2), Article 65(3) point 1, Article 66(4), Article 65(6), Article 65(2) point 4, Article 47(1), Article 66(3), Article 66(4), Article 45(4), Article 65(2) point 4, Article 66(2) point 4 of the Accounting Act,
 - Standard No. 1 on the performance of the profession of a statutory auditor points: 28 and 81 e, 63, 28, 35 and 17, 34, 35 and 39, 69, 18, 27, 49 and 81b, 75, 37, 74, 75, 75j, 75c, 75b, 75a, 49, 75h, 80, 71a, 71b, 75c, 32-40, 28, 22, 34, 28, 38, 13, 41, 75c, 75e, 61, 41, 38, 80, 77-82,
 - Standard No. 5 on the performance of the profession of a statutory auditor point: 20 and 21, point 21 d, point 17, 18 and 20, point 23 and 24,
 - Professional Code of Ethics of statutory auditors, point 9.1 and 9.2.,
- there were 4 cases following a petition of economic entities, in which the breach concerned:

- Article 24(5), Article 45(1), Article 52(2) of the Accounting Act,
 - Article 4(2), Article 12(1) point 3, Article 17(1) point 3 of the Act on statutory auditors and their self-government,
 - Standard No. 1 ch. VI point 44, ch. IX point 63, point 10, 12, 13, 14, 15, 21,
 - the Professional Code of Ethics of Statutory Auditors point 2.1 and 2.2.
- there was 1 case following a petition of an individual, in which the breach concerned:
 - Article 4(1) point 1 and 5 of the Act on statutory auditors and their self-government,
 - Standard No. 5 point 5 ch. II,
 - the Professional Code of Ethics of Statutory Auditors, point 2.2. and 2.6 ch. II, point 3.1 ch. III, point 4.1 ch. IV
- there were 2 cases following a petition of KRBR, in which the breach concerned:
 - Article 12(1) point 3, Article 17(1) point 1 in connection with Article 12(1) point 1, Article 3, Article 16(2) of the Act on statutory auditors and their self-government,
 - the principles of ethics expressed in the introduction to the Code of Ethics.

The National Disciplinary Spokesperson ended at his stage 503 cases, by issuing a decision on the refusal to institute an investigation, on the completion of a explanatory proceeding and refusal to institute an investigation and on the dismissal of a disciplinary investigation, out of which in 8 cases the parties to the proceeding filed a complaint about the decision of the Spokesperson to the National Disciplinary Court. The information on the legal basis of the conclusion of cases by the Spokesperson is presented below:

- Section 73(1) of the Regulations of Disciplinary Procedure against statutory auditors (resolution No. 316/22/2001 of the National Chamber of Statutory Auditors of 5 February 2001 on the Regulations of Disciplinary Procedure against statutory auditors (announcement of the National Chamber of Statutory Auditors of 10 January 2006 on a uniform text of resolution No. 316/22/2001 of the National Chamber of Statutory Auditors of 5 February 2001 on the Regulations of Disciplinary Procedure against statutory auditors) 275 cases
- Section 73(1) point 1 14 cases
- Section 73(1) point 2 13 cases
- Section 73(1) point 3 94 cases

• Section 73(1) point 4	3 cases
• Section 73(1) point 5	15 cases
• Section 73(1) point 6	69 cases
• Section 4(1)	2 cases
• Section 62(5)	3 cases
• Section 66(1) point 3	11 cases
• Article 17(1) point 3 of the Code of the Criminal Proceedings	3 cases
• Article 17(1) point 4 of the Code of the Criminal Proceedings	1 case

The year 2009 was in the practice of activities of the National Disciplinary Spokesperson a special year, in which there was an exceptionally high number of cases finished at the stage of the Spokesperson, without referral of acts of accusation or applications for punishment to the Court. It was connected mainly with the entry into force as of 6 June 2009 of new legal requirements, in the light of which the failure to pay membership fees by statutory auditors ceased to be punished following a disciplinary procedure. Only due to this change, the proceeding was ended at the stage of the Spokesperson in 275 cases.

Additionally in 94 cases, the Spokesperson found that the act of a statutory auditor indicated in the motion does not constitute a disciplinary offence due its insignificant degree of social harmfulness, while in 69 cases the individuals covered with a motion were not subject to disciplinary responsibility (deletion from the register of statutory auditors).

The cases indicated above contributed decisively to a share of cases finished at the stage of the Spokesperson, without a referral to the Court, which was exceptionally high in 2009. Out of 503 issued decisions, only 8 were challenged, including 7 appeals dismissed by the Court.

Acts of accusation or applications for punishment filed in 2009 by the Spokesperson were supported with evidence collected in cases, indicating significant effectiveness, because out of total number of 71 filed cases, the Court found the accused guilty in 37 cases.

The National Disciplinary Spokesperson held in 2009, in accordance with the provisions of § 24 of the Regulations of Disciplinary Procedure against statutory auditors, four meetings with his deputies. The rules of disciplinary adjudication, the adopted template decisions and announcements in a disciplinary action before the Spokesperson were discussed during the meetings as well as the status of cases conducted by the Spokespersons and the

method of documenting some stages of work of a spokesperson as well as contentious issues occurring in investigative practice.

Acknowledging the necessity of adjusting the method of documenting the activities of the Spokesperson to the requirements resulting from new legal regulations in force as of 6 June 2009 and the loss, as of 6 December 2009, of validity of the provisions of the previous Regulations of Disciplinary Procedure against statutory auditors – new template decisions and announcements have been elaborated with the help of a legal adviser of KIBR, which were discussed with Spokespersons at the training meeting.

In addition, in December 2009 a training meeting for the members of adjudicating panels and vice-spokespersons was organised, jointly by the Court and the Spokesperson. The principles of application of the previous and new provisions in a proceeding before the National Disciplinary Court and before the Spokesperson were discussed during this meeting.

Additionally I would like to inform that in 2010 in order to facilitate the work of spokespersons during the conducted explanatory proceedings and disciplinary investigations the following activities will be undertaken:

- the facilitation of work of Spokespersons by elaboration and improvement – according to the needs – of template decisions, announcements, documents and petitions for punishment,
- care of and diligence in preparation of documents applied in a disciplinary action.

A training conference of the National Disciplinary Spokesperson jointly with the National Disciplinary Court will be also organised in order to discuss the current cases related to a disciplinary proceeding and quarterly meetings with Spokespersons in order to insure an efficient organisation of meetings.

National Disciplinary Spokesperson
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Florian Osękowski

Appendix to the report of KRD

The number of cases, which were conducted by the Spokesperson in 2009	The subject matter of motions	The number of cases which were finished by the Spokesperson (refusal to institute an investigation)	The number of cases which were finished by the Spokesperson (completion of explanatory proceeding and refusal to institute an investigation)	The number of cases which were finished by the Spokesperson (discontinuance of an investigation)	Total number of cases ended by the Spokesperson	The number cases referred to the Court	Cases in progress as at 31.12.2009
44	cases concerning statutory auditors who did not participate in a training course in the cycle 2005/2006	1		17	18	26	-
271	cases concerning statutory auditors who did not participate in a training course in the cycle 2007/2008	-	71 (including 1 appeal)	12	83	14	174
376	cases concerning statutory auditors who failed to pay membership fees	10	6	351	367	9	-
34	motions from KKN	2 (including 1 appeal)	7	3	12	15	7
42	other	2	19 (including 6 appeals)	2	23	7	12
TOTAL 767		15-1 appeals=14	103-7appeals=96	385	503-8 complaints =495	71	193

