
REPORT ON MONITORING THE MARKET FOR AUDIT SERVICES PROVIDED BY STATUTORY AUDITORS AND AUDIT FIRMS IN 2022



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Introduction

About the Agency

The Polish Agency for Audit Oversight is a competent authority within the meaning of Article 2(10) of Directive 2006/43/EC¹ and Article 88(2) of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Journal of Laws of 2023, item 1015), i.e. *a body designated by law entrusted with supervising statutory auditors and audit firms or their specific aspects*.

The Agency's mission is to **exercise independent oversight over statutory auditors, audit firms and the professional association of statutory auditors based on professional knowledge and experience, proven methodology and international standards**. The Agency shall ensure that statutory auditors perform their audits of financial statements and assurance services other than statutory audit and related services. The bodies of the Agency shall be the President of the Agency and the Board of the Agency.

The independence of PANA is connected with the authorisation of activities within the law and regulations of the European Union and the financing of activities from supervision fees paid by audit firms.

The main principles of the Agency's operations are the following:

- acting in the public interest,
- caring for education, dialogue and communication with all parties interested in improving the credibility of financial reporting,
- acting within the scope and using tools strictly defined in law,
- systemic (long-term) and ad hoc action (in response to emerging threats): prevention, monitoring, control, stimulation of changes (including statutory changes)²,
- ensuring fair and clear operating conditions for all statutory auditors and audit firms,
- ensuring transparency and clarity where possible (while protecting all confidential information from disclosure).

¹ Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated financial statements, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

² Proactivity within the limits of the applicable law in order to be able to react early enough to signals coming from the market about the possibility of negative trends, difficulties or barriers to the provision of the highest quality services by statutory auditors and audit firms.

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About this Report

The preparation of this report by the Agency reflects the objectives³ of its activities and complements the obligation under Regulation No 537/2014⁴ to produce national reports by the competent authorities in the EU with a view to producing a joint summary report on developments in the market for the provision of statutory audit services to public-interest entities. The scope of this three-yearly report results in particular from Article 27(1) of the Regulation:

1. The competent authorities designated under Article 20(1) and the European Competition Network⁵, as appropriate, shall regularly monitor developments in the market for providing statutory audit services to public-interest entities and shall in particular assess the following:

a) the risks arising from a high incidence of quality deficiencies of a statutory auditor or audit firm, including systematic deficiencies within an audit firm network⁶, which may lead to the demise of any audit firm, the disruption in the provision of statutory audit services whether in a specific sector or across sectors, the further accumulation of risk of audit deficiencies and the impact on the overall stability of the financial sector;

b) the market concentration levels, including in specific sectors;

c) the performance of the audit committees;

d) the need to adopt measures to mitigate the risks referred to in point (a).

³ See also: Action Plan of the Polish Agency for Audit Oversight in 2023: <https://pana.gov.pl/wp-content/uploads/2022/12/Plan-dzialania-PANA-2023.pdf>

⁴ Article 27(2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC establishes, among other things, an obligation for competent authorities to prepare a report at least once every three years.

⁵ The European Competition Network (ECN) consists of the European Commission and national competition authorities, which work together to ensure the effective division of labour and the effective and consistent application of EU competition rules.

⁶ According to the Act on Statutory Auditors, the term network should be understood as a structure: (a) that has the purpose of cooperation and to which the auditor or audit firm belongs, and (b) that has the purpose of profit or cost sharing or that operates under common ownership, or that has a common system of control or common management, or that has common quality control policies and procedures, or that has a common business strategy, or that uses a common label or a significant portion of resources.

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Since the establishment of this obligation, three reports have been prepared on monitoring the domestic/national market of services provided by statutory auditors and audit firms and the activities of audit committees: in 2016⁷, 2019⁸ and 2022⁹ (for 2015, 2018 and 2021 respectively). The first two of these editions were prepared by the Audit Supervision Commission (the predecessor of the Agency), while the report for 2021 was prepared by the Polish Agency for Audit Oversight. This document is therefore the fourth edition of this report, and at the same time the first prepared voluntarily in a year in which the law does not impose this obligation.

Past practice confirms that market monitoring reports are a valuable source of information on the market for services provided by statutory auditors and audit firms, and their publication has received a positive response from a number of stakeholders. Given the usefulness of this type of study, the Agency decided to prepare an additional market monitoring report covering 2022 for national purposes.

This report is based on methodologies and indicators developed jointly with other European Supervisory Authorities within the CEAOB, thanks to which the data it presents are comparable in each of the periods of the three-year cycle, both for the years when the preparation of the report is strictly regulated at European Union level and during the remaining periods. The Agency therefore avoids making major changes to the content and form of the information presented. In this edition of the report, unlike last year's edition, there is no reference to the evaluation of the activities or indicators of the activities of audit committees operating in public-interest entities. Proposals concerning this aspect of the functioning of financial markets, prepared in cooperation with the Polish Financial Supervision Authority (whose statutory task is to supervise audit committees), they will continue to be prepared and published every three years in a report whose obligation results directly from the provisions of Regulation No. 537/2014 – which is not the case this year. Recently, conclusions on the operation of audit committees were presented in the Report on monitoring the market of services provided by statutory auditors and audit firms for 2021.

At the same time, it should be emphasised that the full assessment of the situation on the market of services provided by statutory auditors and audit firms in 2022 may be influenced by factors including the results of administrative and disciplinary proceedings not included in the report and not completed by the date of its publication.

The document presents the so-called key market monitoring indicators and is divided into two main parts:

- Part One containing indicators of market size, structure and concentration,

⁷ Report on changes in Poland on the market for the provision of statutory audit services to public interest entities published in 2016: https://mf-arch2.mf.gov.pl/c/document_library/get_file?uuid=e90365eb-fb34-4a5e-8eb8-0f3d567a6dc9&groupId=764034.

⁸ Report on monitoring the market of services provided by statutory auditors and audit firms and the activities of audit committees published in 2019: <https://www.gov.pl/web/finanse/sprawozdania-z-monitorowania-rynku>

⁹ Report on monitoring the market of services provided by statutory auditors and audit firms and the activities of audit committees in 2021: https://pana.gov.pl/wp-content/uploads/2022/08/PANA_Sprawozdanie-z-monitorowania-rynku-2021.pdf

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- Part Two containing indicators of audit quality risks.

Since the publication of last year's PANA market monitoring report, no changes have been made to the methodology and definitions of some indicators. By contrast, when compared to previous editions of the report, such changes have taken place, which may make it difficult to compare with data for earlier periods. Where possible, additional comparative data and supplementary explanations have been provided. The report shall contain information current as of 30 June 2023.

This study does not compare the situation on the market of services provided by statutory auditors and audit firms in Poland to the situation in other countries, as this was not the purpose of preparing the report¹⁰.

¹⁰ Information on developments in the EU market for the provision of statutory audit services to public-interest entities is presented in a report published every three years by the European Commission. The last of these reports, for 2018, was published in 2021 (<https://eur-lex.europa.eu/legal-content/PL/TXT/HTML/?uri=CELEX:52021DC0029>). The next edition of this European Commission report, for 2021, is in preparation.

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List of Abbreviations

Agency or PANA	Polish Agency for Audit Oversight
AML	Regulations on counteracting money laundering and the financing of terrorism, in particular the Act of 1 March 2018 on counteracting money laundering and the financing of terrorism (Journal of Laws of 2022, item 593, as amended)
Statutory audit	Audit of the annual consolidated financial statements of the capital group or the audit of the annual financial statements required to be performed under; Article 64 of the Accounting Act of 29 September 1994 (Journal of Laws of 2023, item 120, as amended), other laws or regulations of the European Union, conducted in accordance with national auditing standards
SA	Statutory Auditor
Directive 2006/43/EC	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 Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ EU. L.2006.157.87)
CSRD Directive	Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting
AF	Audit firm
WSE	Warsaw Stock Exchange
PIE	Public Interest Entity within the meaning of the Act on Statutory Auditors
AC(s)	Audit Committee(s)
EC	European Commission
CEAOB	Committee of European Auditing Oversight Bodies
KNF	Polish Financial Supervision Authority
KSB	National Standards on Quality (collectively), National Standard on Auditing (followed by a number – a single standards),
KSKJ, KSKJ1	National Standards on Quality Control, National Standards on Quality Control 1

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Non-PIE	Non-public-interest entities
PIBR	Polish Chamber of Statutory Auditors
Regulation 537/2014	Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC (OJ 2005/909/OJ EU. L.2014.158.77)
FS	Financial Statements
CFS	Consolidated financial statements
EU	European Union
Act on Statutory Auditors, Act or UoBR	Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2023, item 1015)
ZRBS	Audit Association of Cooperative Banks

Market concentration levels in Poland

Market concentration levels in Poland are presented in two cross-sections. The chapter entitled *Structure of the market of financial statement audits presents* quantitative data for the entire market, while the chapter entitled *Market share of the largest participants* presents selected values for individual networks of audit firms as the largest networks in Poland and the European Union.

In Poland, the definition of a public-interest entity, in accordance with the Act on statutory auditors, covers a wider broader catalogue of entities than the minimum specified in Article 2(13) of Directive 2006/43/EC. According to the Directive, **public-interest entities** are:

- a. Entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of Article 4(1)(14) of Directive 2004/39/EC;*
- b. Credit institutions as defined in Article 3(1)(1) of Directive 2013/36/EU of the European Parliament and of the Council¹¹, other than those referred to in Article 2 of that Directive;*
- c. insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC (...).*

In the same article, Directive 2006/43/EC also provides for the possibility for Member States to extend the catalogue of public-interest entities to include entities which they consider to be of significant public interest because of the nature of their activities, their size or the number of their employees. The Polish legislator has taken advantage of this possibility and extended the definition¹² of a public-interest entity to include the following:

- a. Issuers of securities admitted to trading on a regulated market of European Union countries, with offices registered on the territory of the Republic of Poland, whose financial statements are subject to the statutory audit obligation,*
- b. Domestic banks, branches of credit institutions and branches of foreign banks within the meaning of the Act of 29 August 1997 - Banking Law (Journal of Laws of 2022, item 2324, as amended),*

¹¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

¹² Article 2(9) of the Act on Statutory Auditors.

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- c. Insurance and reinsurance companies and main branches and branches of insurance and reinsurance companies within the meaning of the Act of 11 September 2015 on insurance and reinsurance activity (Journal of Laws of 2023, item 656, as amended),*
- d. Electronic money institutions and domestic payment institutions - within the meaning of the Act of 19 August 2011 on payment services (Journal of Laws of 2022, item 2360, as amended) meeting the criteria of a large entity criteria,*
- e. Open-end pension funds, non-compulsory pension funds and general pension fund companies - within the meaning of the Act of 28 August 1997 on the organisation and functioning of pension funds (Journal of Laws of 2022, item 2342, as amended),*
- f. Open-end investment funds, specialist open-end investment funds and closed-end investment funds - within the meaning of the Act of 27 May 2004 on investment funds and management of alternative investment funds (Journal of Laws of 2023, item 681, as amended),*
- g. fund management companies, as defined by the above-mentioned Act, which at the end of a given financial year and at the end of the financial year preceding a given financial year had assets worth no less than PLN 10,000,000,000 and had no less than 30,000 registers open to participants,*
- h. Entities conducting brokerage-related activities which, at the end of a given financial year and at the end of the financial year preceding a given financial year, have held assets of not less than PLN 10,000,000,000 on customer accounts or managed assets with a value of no less than PLN 10,000,000,000 and, at the same time, had a minimum of 10,000 clients, excluding entities conducting operations solely within the scope of accepting and transferring instructions for purchase or sale of financial instruments, or within the scope of investment counselling – within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments (Journal of Laws of 2023, item 646),*
- i. savings and credit cooperatives as defined by the Act of 5 November 2009 on Savings and Credit Cooperatives (Journal of Laws of 2022, item 924, as amended), meeting the criteria of a large entity.*

In accordance with the CEAOB's market monitoring methodology, the six categories of entities listed in points (d) to (i) above, which are considered public-interest entities in Poland under the aforementioned option of Directive 2006/43/EC allowing Member States to extend the definition to these additional categories, will be collectively referred to as '**national PIEs**' in this report.

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Structure of the audit market

Below are selected data on the audit market of financial statements in Poland. These data concern not only the statutory audits of the financial statements of JZP, but also show the market in a wider range of services provided by statutory auditors and audit firms. Selected data on the audit market in Poland is presented below. The data relates not only to the statutory audits of PIEs' financial statements, but also shows the market for a broader range of services provided by statutory auditors and audit firms.

Table 1. Market structure as at 31/12/2022 with comparative data

Pos.	Category	Source of Data	Data as of 31/12/2022 or for the calendar year ending on that day	Explanatory notes	Data as of 31/12/2021 or for the calendar year ending on that day	Explanatory notes	Numerical change	Percentage change	
1	Registered statutory auditors (natural persons)	1.0. Total number	Polish Chamber of Statutory Auditors	5 070		5 238		-168	-3%
		1.1. Of which number of practising registered auditors (natural persons carrying out a statutory audit engagements)	Polish Chamber of Statutory Auditors	2 663	We show the number of SAs declaring PIBR to practice their profession	2 745	A number of statutory auditors, who declare to the Polish Chamber of Statutory Auditors that they practise the profession, are shown	-82	-3%
		1.2. Including number of practising registered statutory auditors auditing PIEs (natural persons carrying out statutory audits)	Information from the Agency's databases	253	We show the number of SAs employed in AFs examining PIEs	260	A number of statutory auditors, employed by audit firms auditing Public-interest	-7	-3%

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Pos.	Category		Source of Data	Data as of 31/12/2022 or for the calendar year ending on that day	Explanatory notes	Data as of 31/12/2021 or for the calendar year ending on that day	Explanatory notes	Numerical change	Percentage change
2	Registered Statutory Auditors employed by or associated as partners or otherwise with the audit firm	2.0. Total	Information from the Agency's databases	3 419	A number of statutory auditors, employed by or associated as partners or otherwise with audit firms, are shown	3 329	A number of statutory auditors, employed by or associated as partners or otherwise with audit firms, are shown	90	3%
3	Registered audit firms	3.0 Total number	Information from the Agency's databases	1 279		1 364		-85	-6%
		3.1. Of which number of registered audit firms auditing PIEs (carrying out a PIE statutory audit engagement)	Information from the Agency's databases	58		67		-9	-13%
		3.2. Of which number of audit firms registered are recognised audit firms from other member states (in accordance with Article 3a of Directive 2006/43)	Information from the Agency's databases	1		0		1	-
4	Third- country auditors registered in accordance with Article 45 of Directive 2006/43/EC	4.0. Total number	Polish Chamber of Statutory Auditors	4		4		No change	No change

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Pos.	Category	Source of Data	Data as of 31/12/2022 or for the calendar year ending on that day	Explanatory notes	Data as of 31/12/2021 or for the calendar year ending on that day	Explanatory notes	Numerical change	Percentage change	
5	Third-country audit entities registered in accordance with Article 45 of Directive 2006/43/EC	5.0. Total number	Information from the Agency's databases	1		0		1	-
6	Statutory auditors approved from another Member State, in accordance with Article 14 of Directive 2006/43	6.0. Total number	Polish Chamber of Statutory Auditors	112		113		-1	-1%
7	Statutory audits	7.0. Total number of opinions ¹³ from a statutory audit	Information from the Agency's databases	From a study of 31,256.	In cases, where audits of financial statements and consolidated financial statements have been performed for an entity, each of these services has been	30 125	In cases, where audits of financial statements and consolidated financial statements have been performed for an entity, each of these services has been separately	1 131	4%

¹³ Bearing in mind the need to apply the CEAOB methodology, which uses the term audit opinion, and the fact that the audit report contains one statutory auditor's opinion in relation to the financial statements, the term number of opinions used in the report refers to the number of audit reports.

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Pos.	Category		Source of Data	Data as of 31/12/2022 or for the calendar year ending on that day	Explanatory notes	Data as of 31/12/2021 or for the calendar year ending on that day	Explanatory notes	Numerical change	Percentage change
					separately identified		identified		
		7.1. Of which number of audit engagements performed jointly (in case of joint audit)		5		6		-1	-17%
8	Number of PIEs	8.0. Total number	Information developed on the basis of Polish Financial Supervision Authority	1 230	0	1 378		-148	-11%
		8.1. Of which listed companies (without listed banks and listed insurance companies)		366		374		-8	-2%
		8.2. Of which non-listed banks		553		560		-7	-1%
		8.3. Of which listed banks		22	Includes: 10 banks	17	Includes: 11 banks	5	29%

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Pos.	Category		Source of Data	Data as of 31/12/2022 or for the calendar year ending on that day	Explanatory notes	Data as of 31/12/2021 or for the calendar year ending on that day	Explanatory notes	Numerical change	Percentage change
					issuing shares ¹⁴ and 12 banks (seven commercial and five cooperative) issuing debt securities ¹⁵		issuing shares ¹⁶ and 6 banks – issuing various types of debt securities ¹⁷		
		8.4. Of which non-listed insurance companies		85		79		6	8%
		8.5. Of which listed insurance companies		1	Includes an insurance company - issuer of shares admitted to trading on a regulated market	1	Includes an insurance company - issuer of shares admitted to trading on a regulated market	0	0%
		8.6. Of which 'national PIEs'		203		347		-144	-41%

¹⁴ admitted to trading on a regulated market

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

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Multi-annual data

For a more complete illustration of the changes taking place on the market, it is discussed and presented below how the selected values at the end of 2022 were shaped compared to previous periods.

Statutory auditors

At the end of 2022, 5,070 statutory auditors were registered in the register with the Polish Chamber of Statutory Auditors' register. Among those holding the title of statutory auditor, the number of persons declaring that they practice the profession amounted to 2 663 accounting for more than half, (53%) of the total. The number of persons declaring that they practiced the profession (hereinafter: statutory auditors practising the profession) at the end of 2022 is lower than the number of statutory auditors who actually signed at least one audit report in 2022. One particularly notable cause of this phenomenon may be the departure from the profession of statutory auditors who signed at least one audit report during 2022 and subsequently declared that they no longer practised their profession.

An analysis of the development of the number of statutory auditors in recent years has revealed a downward trend. The total number of statutory auditors at the end of 2022, compared to the end of 2021, decreased by 168 persons, i.e. nearly 3% during the year, while compared to the end of 2012, i.e. over ten years, this decrease amounted to 2,034 persons, i.e. nearly 29%. This phenomenon is global and has been going on for many years¹⁸. One of the possible reasons for this trend is the fact that the qualifications of a statutory auditor are highly valued in the labour market, and people who have them can easily find a job in various well-paid positions.

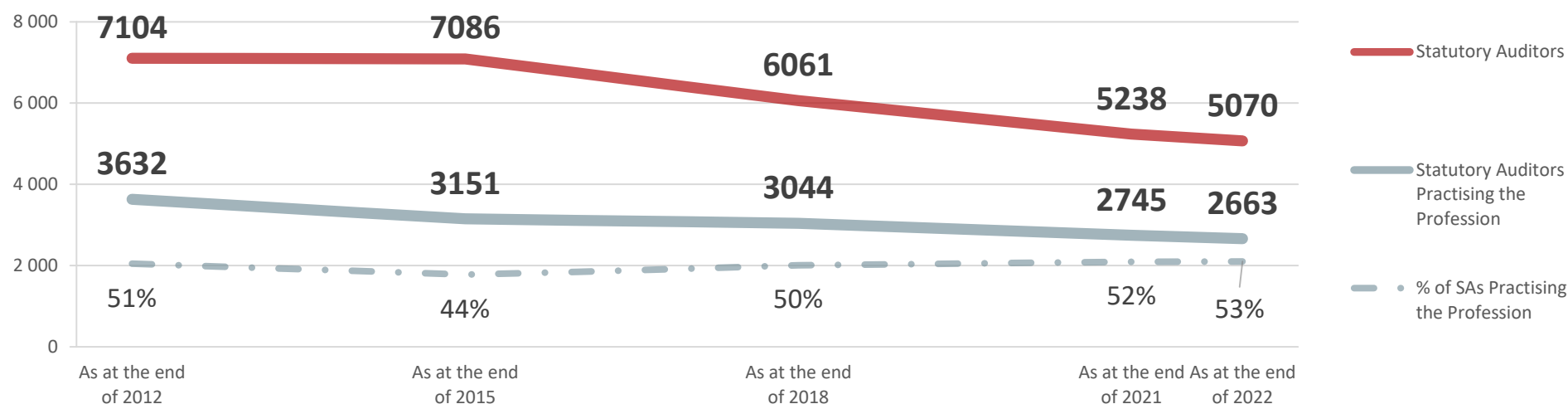
Compared to previous years, at the end of 2022 the number of statutory auditors practising the profession is lower. However, for this sub-group, the decline is slower than for statutory auditors as a whole. This decrease amounted to 3% compared to the end of 2021 (a decrease of 82 people) and 27% over ten years, i.e. compared to the end of 2012 (a decrease of 969 people). This pattern means that non-practising auditors are more likely to leave the profession (a decrease of 86 over the year and 1 065 over the ten years preceding 31 December 2022).

The share of statutory auditors practising the profession among total statutory auditors has been increasing since the end of 2015 and, as mentioned earlier, as at 31 December 2022 this share was 53%. The regularities discussed above are illustrated in Figure 1.

¹⁸ For example: <https://eur-lex.europa.eu/legal-content/PL/TXT/HTML/?uri=CELEX:52021DC0029>
<https://www.wsj.com/articles/why-so-many-accountants-are-quitting-11672236016>
<https://www.ft.com/content/e8dc2264-6b8d-4ed5-8bbd-e4a67e7d1e46>

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Figure 1. Number of statutory auditors, number of statutory auditors practising the profession and share of statutory auditors among total auditors in Poland in individual years



Source: Own elaboration based on: data of the National Council of Statutory Auditors (for 2022 and 2021), archival data of the Audit Oversight Commission (for 2018, 2015 and 2012)

At the end of 2022, there were also 112 statutory auditors from another Member State registered in Poland in accordance with Article 14 of Directive 2006/43/EC and 4 third-country auditors registered in Poland in accordance with Article 45 of Directive 2006/43/EC.

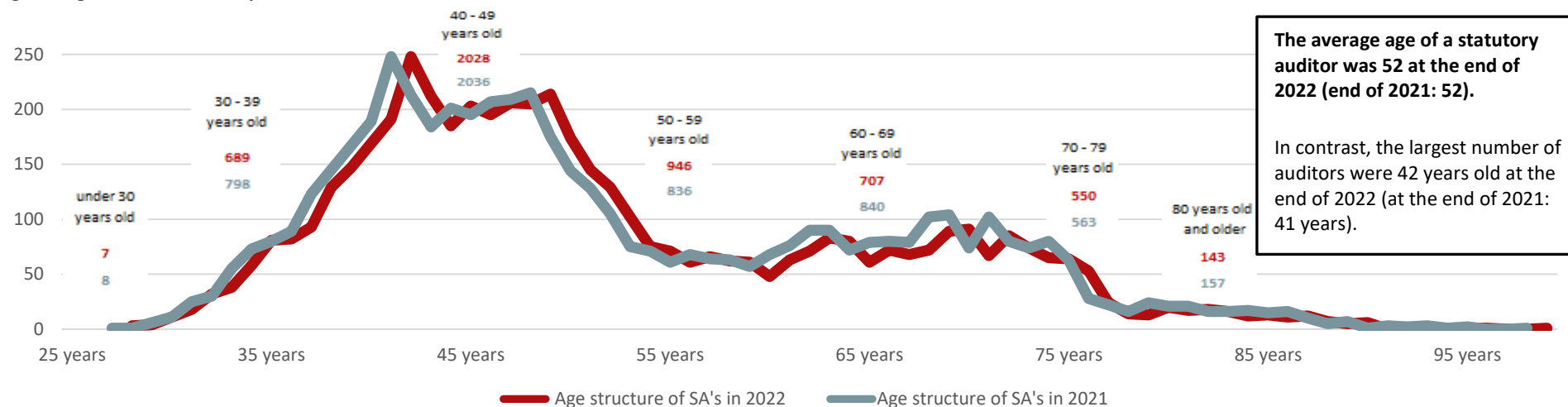
In 2022, there were 253 deletions from the register of statutory auditors (kept by the PIBR) made final (for comparison: in 2021, there were 279 deletions). In recent years, the reason for the largest number of deletions from the register was the withdrawal of a statutory auditor from the professional self-government at his or her own request. In 2022, this reason accounted for 205, i.e. 81% of all final deletions (compared to 239, i.e. 86% of deletions, in 2021). The next most common reason for deletion from the register was the death of a statutory auditor, while the remaining cases were the basis for eight deletions (3%) from the register in 2022 and three deletions (1%) from the register in 2021. It should be noted that a significant percentage of persons deleted in recent years from the register of statutory auditors on application are persons entered

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in this register after 1 January 1995. Such persons may be re-entered in the register without having to undergo the qualification procedure, provided no more than ten years have elapsed since deletion¹⁹.

Among the statutory auditors entered in the register of statutory auditors as at 31 December 2022, the average age on that day was 52 years, while the average age of statutory auditors on the date on which the decision to enter them in the register became final was 36.3 years²⁰.

Figure 2. Age structure of statutory auditors in Poland at the end of 2021 and 2022



Source: Own elaboration based on data from the Polish Chamber of Statutory Auditors.

An analysis of the age of statutory auditors at the time of entry in the register being made final revealed that 57% of persons in the register at the end of 2022 were aged 30 to 39 on the date, when the decision to enter them in the register became final (9% of statutory auditors were 31 years old when the decision to enter them in the register was made final). A comparison of the above information with the age structure of statutory auditors in Poland (presented in Figure 2, showing that there are fewer

¹⁹ Compliance with the detailed requirements for the entry of such persons in the register is specified in Article 4(2) of the Act on Statutory Auditors.

²⁰ It should be noted that, due to changes in the functioning of the audit profession, a large group of previous members of the profession was entered in the register within just one year (1992). Therefore, the age of the persons belonging to this group of auditors overstates to some extent the average age at which the decision to enter statutory auditors in the register was made final.

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30-year-olds among statutory auditors than 40-year-olds) indicates that the greatest potential for minimising the downward trend in the number of statutory auditors, which has been occurring for many years, is in the 30-49 age group.

The Agency observes trends in the number of new statutory auditors joining the professional self-government and the scale of and reasons for resignation from holding the professional title. At present, the decline in the total number of statutory auditors does not appear to have a negative impact on the availability of audit services. This can be related to factors including the increased use of automated tools and techniques supporting the audit and participation of experts and other members of audit teams led by statutory auditors (this is particularly evident in the case of large network audit firms).

Changes to the legislative environment will introduce new obligations in the field of sustainable development in the near future, including both reporting obligations by companies and issuing attestation applications on this reporting. Although the provisions of the CSRD Directive²¹ have not as yet been implemented into the Polish legal system, it can be assumed that the demand for the services of statutory auditors and audit firms will increase.

As regards the number of auditors, natural market mechanisms may encourage potential candidates to become auditors (in the long term) and allow for a relatively rapid increase in the number of statutory auditors practising the profession (in the short term). The remuneration for the Auditor's services should reflect the workload and a degree of complexity of many engagements, combined with the qualifications and responsibilities required of statutory auditors. Similar conclusions were drawn in the Agency's publication on audit firm services in 2022 based on annual reports²².

The downward trend could also be halted or even reversed by creating incentives and facilitations for access to the profession. One of the aims is to increase the scope for preparing a certified auditor for the profession by popularising new fields of study, enabling the completion of knowledge exams as part of the study programme²³. This

²¹ Directive 2022/2464 of the European Parliament and of the Council (EU) of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting.

²² The publication is available at: <https://pana.gov.pl/komentarze-i-opracowania/uslugi-firm-audytorskich-2022/>

²³ Pursuant to Article 12(3) of the Act on Statutory Auditors:

„3. If the curriculum for a given course, level and profile conducted by a university authorised to award the doctoral degree in the field of economic sciences covers knowledge in the scope as stipulated in Article 14, sections 1 and 2, and examinations in this respect are conducted in writing, the Board shall sign with such a university, upon its request, the agreement referred to in Article 61 section of 61 of the Act of 20 July 2018 - Law on Higher Education and Science (Dz. U. 1668, as amended). On behalf of the Board the agreement shall be signed by its Chairperson.”

Article 61 of the Law on Higher Education and Science provides:

„Art. 61 (1) An HEI (Higher Education Institute) may provide programmes in cooperation with the authority granting the licence to practise the profession, the body conducting examination proceedings as part of obtaining the right to practise the profession, a professional self-government body, an economic organisation or a registration body. The rules of cooperation in conducting studies shall be specified in a written agreement.

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type of training system may further contribute to lowering the average age of auditors and generally improving students' financial knowledge. It is also worth considering updating the existing regulatory solutions regarding the rules for conducting the recruitment procedure for candidates for statutory auditors. In this context, PANA sees the need for dialogue and concrete action by all relevant institutions. A new, more innovative approach is needed to encourage candidates to take exams, the removal of existing barriers in this area and the development of training materials for candidate auditors by the local professional authorities²⁴.

The group of statutory auditors practising the profession may also be extended by starting the profession by persons who, despite having the qualifications of a statutory auditor, do not practice this profession. Due to the fact that statutory auditors who do not practice the profession are subject to identical requirements regarding membership in the self-government of statutory auditors and annual compulsory continuous professional development in a given amount of training hours, the commencement of the profession by statutory auditors who do not practice it, in formal terms, only requires submitting an appropriate statement to the PIBR. Another alternative, mentioned above, is the option of applying for re-entry in the register of statutory auditors of persons who have resigned from the local professional authority of statutory auditors. Also, persons who, despite meeting all the requirements necessary to be entered in the register of statutory auditors, have not joined the local authorities, and those who have met all the most time-consuming requirements, and only did not take the oath, can take it in a short time, join the local authorities and, having completed the appropriate application, start practising their profession.

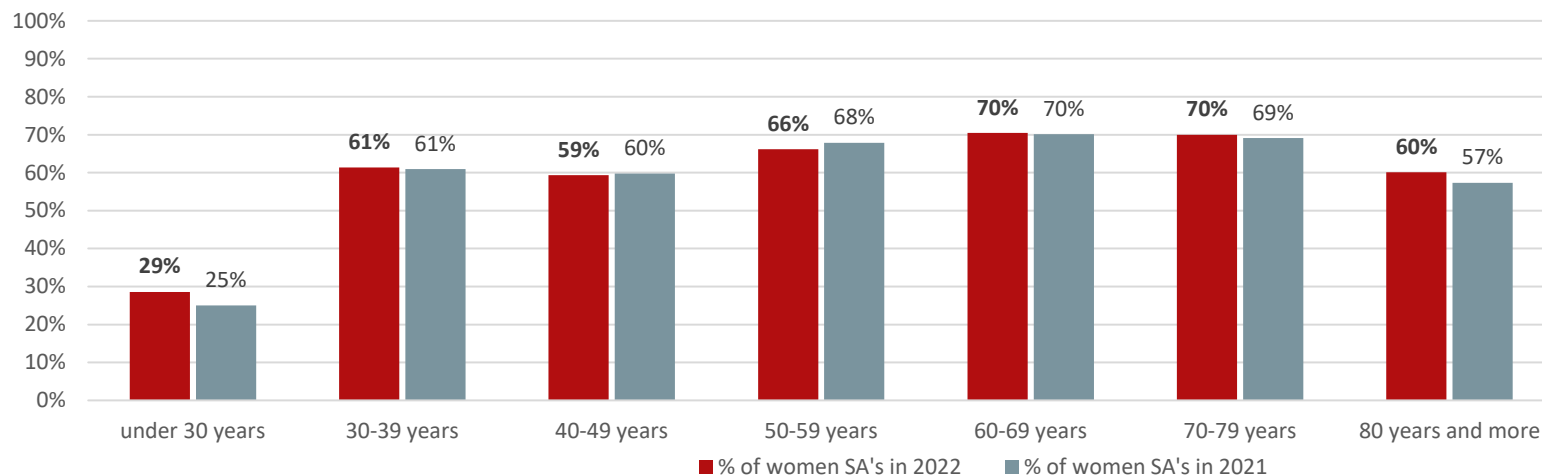
The majority of the statutory auditors registered with the Polish Chamber of Statutory Auditors are women, who at the end of 2022, as in the previous year, accounted for 64% of professional self-government members. It is worth noting that, in recent years, the feminisation rate of the audit profession has been subject to only slight fluctuations. However, there are some differences between the different generations of auditors – the feminisation of the profession is on average by several percentage points higher among statutory auditors aged 51 and over than among statutory auditors aged 50 and under. This is illustrated in Figure 3.

(2) The agreement may specify the participation of the entity referred to in paragraph (1) in the development of the study programme and the manner in which professional practice is to be carried out."

²⁴ The statutory obligation imposed on the PIBR in this respect has not been fulfilled for many years.

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Figure 3. Feminisation of the profession in different age groups of statutory auditors in Poland at the end of 2022 and at the end of the previous year



The percentage of female statutory auditors at the end of 2022 was 64% (same as 2021).

Source: Own elaboration based on data from the Polish Chamber of Statutory Auditors.

Audit firms

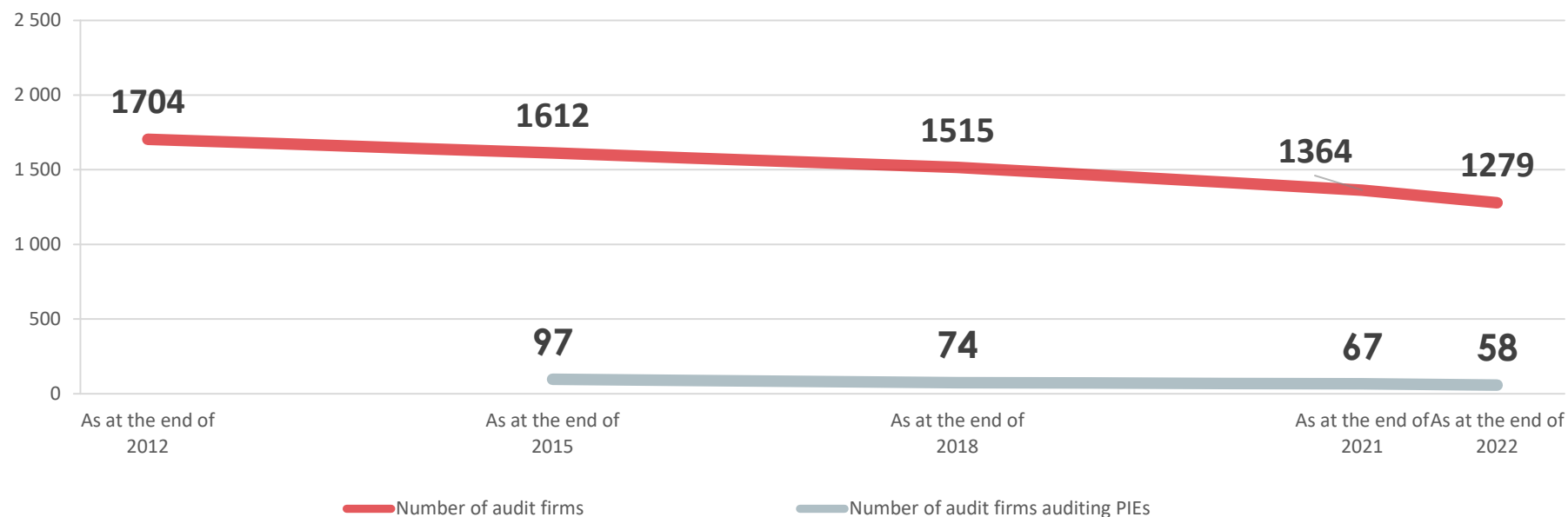
Number of Audit Firms

In accordance with the provisions of the Act on statutory auditors, a **statutory auditor practises his or her profession on behalf of an audit firm**. At the end of 2022, there were 1,279 firms on the list of audit firms maintained by the Agency. The vast majority of them were conducted in one of two legal forms: a capital company or a business activity conducted by a statutory auditor in his or her own name and on his or her own account. The latter has been affected by the largest declines in numbers in recent years. Audit firms conducted in forms other than those mentioned above, in accordance with Article 46 of the Act on Statutory Auditors, accounted altogether for only several percent of all audit firms mentioned on the list at the end of 2022.

The decrease in the total number of audit firms over the ten years preceding 31 December 2022 amounted to 425 firms (almost 25%), of which 85 firms (6%) constituted a decrease in the number of audit firms over the last year, 2022. This data is illustrated in Figure 4.

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Figure 4. The number of audit firms registered in Poland and the number of audit firms performing statutory audits of PIEs in a given year



Source: Own elaboration based on: for 2022 and 2021 - the list of audit firms PANA, for the years 2018, 2015 and 2012 - archival data of the Audit Supervision Commission.

The total decrease by 85 audit firms in 2022 is the result of 18 audit firms being entered on the list of audit firms and 103 audit firms removed from this list. The decline in the number of audit firms is partly due to the merger of smaller, often one-man audit firms, with other firms. However, consolidation should be assessed positively thanks to synergies and increased potential to meet regulatory requirements.

The number of audit firms that carried out statutory audits of financial statements of public interest entities in 2022 was 58. Compared to 2021, this number decreased by nine entities (i.e. by 13%). This decrease was due to such factors as the beginning of the provision of statutory audit services by 3 audit firms that did not provide such services in the previous year (including one belonging to the network together with another audit firm auditing PIEs in both 2022 and 2021), cessation of the audit of PIEs by 10 audit firms, which were still audit firms at the end of 2022, and also the complete termination of the activities of two audit firms performed by statutory auditors in the form of a sole proprietorship, in their own name and on their own account, due to the death of the statutory auditors in question. During both periods, 55 companies continued to conduct audits on PIEs.

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Audit firms' revenues

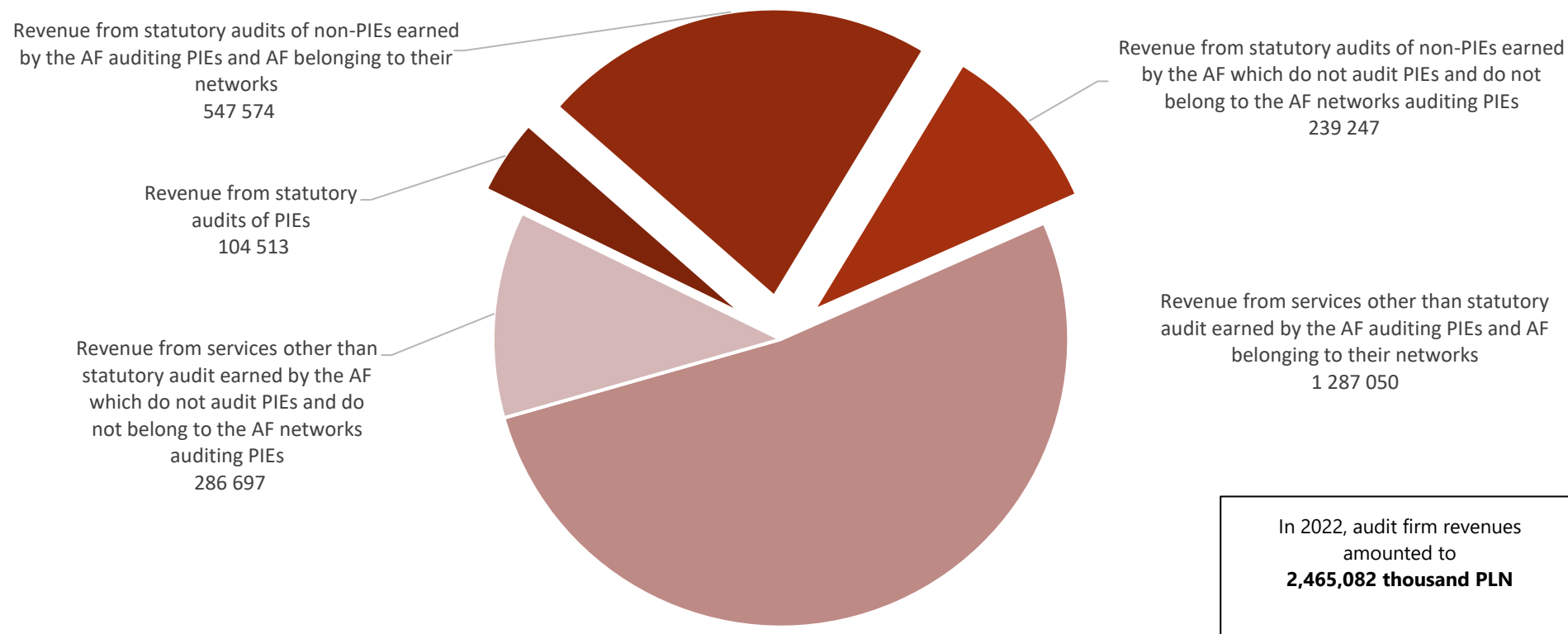
The total revenues of all audit firms derived from the performance of financial audit activities and other services referred to in Article 47(2) of the Act on Statutory Auditors in 2022 amounted to PLN 2,465,082 thousand (an increase of 16.6% compared to revenues of PLN 2,113,837 thousand in 2021).

The total revenues derived from statutory audits (both for PIEs and non-PIEs) accounted for 36% of audit firm revenues in Poland in 2022 and amounted to PLN 891,335 thousand (compared to 37% and PLN 773,647 thousand in 2021). 73% of this amount (and 75% in 2021) was achieved by firms auditing PIEs and their networks, while 27% (25% in 2021) were achieved by companies not auditing PIEs and not belonging to joint networks with audit firms auditing PIEs. Revenues from other types of financial audit services provided by all audit firms in the same period amounted to PLN 1,573,747 thousand (PLN 1,340,190 thousand in 2021), of which PLN 1,287,050 thousand, i.e. 82% (in 2021, PLN 1,093,980 thousand and 82%, respectively) attributable to audit firms auditing PIEs and their networks, and PLN 286,697 thousand (in 2021: PLN 246,210 thousand) audit firms that do not audit PIEs and are not members of joint networks with audit firms auditing PIEs. This data is illustrated by Figure 5.

A more detailed analysis of the revenues of audit firms performing statutory audits of PIEs and audit firms belonging to common networks with them revealed that they totalled PLN 1,939,137 thousand in 2022 (compared to PLN 1,671,908 thousand in 2021). Among AFs conducting statutory audits of PIEs and AFs belonging to their joint networks, revenues derived from statutory audits (PIE and non-PIE) in 2022 amounted to PLN 652,087 thousand (in 2021, the figure was PLN 577,928 thousand), and other categories of revenues for this group of audit firms (i.e. revenues derived from non-audit financial audit services, related services and other services indicated in the Act on statutory auditors) – totalled PLN 1,287,050 thousand (compared to PLN 1,093,980 thousand in 2021).

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Figure 5. Structure of audit firm revenues in Poland in 2022, in thousands of PLN



Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected on 18/04/2023.

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Market share of the largest players

Table 2 is based on a list of the ten largest European networks of audit firms auditing PIEs identified by the CEAOB (in alphabetical order: Baker Tilly, BDO, Deloitte, EY, Grant Thornton, KPMG, Mazars, Nexia, PwC and RSM). Among the above-mentioned networks of audit firms, we do not present data for an audit firm operating in Poland belonging to the Baker Tilly network due to the fact that this firm did not audit the financial statements of PIEs in 2022. In addition, in accordance with CEAOB methodology, the list presents data of an entity whose revenues derived from audits of statutory financial statements of PIEs in 2022 exceeded 5% of the total revenues for such audits in Poland: this entity was the Franciszek Stefczyk Audit Association of Cooperative Banks of Warsaw.

The entity composition of each of the largest networks includes the entity auditing PIEs in 2022 together with other audit firms belonging to the same network and operating in Poland, regardless of whether these other firms audited the financial statements of the PIE or not. However, entities operating under a given brand that in 2022 were not audit firms entered on the list kept by PANA were not included, which is in line with CEAOB methodology.

Based on an analysis of the data in the table, we would like to point out that as at 31 December 2022:

1. The BDO network consisted of two audit firms registered in Poland: BDO Sp. z. o.o. and BDO Sp. z. o.o. sp. k.
2. The Deloitte network consisted of 4 audit firms registered in Poland: Deloitte Audyty Sp. z. o.o. , Deloitte Audyty Sp. z. o.o. sp. k., Deloitte Assurance Sp. z. o.o. and Deloitte Assurance S.r.o.²⁵.
3. The EY network consisted of five audit firms registered in Poland: Ernst & Young Audyty Polska Sp. z. o.o. sp. k., Ernst & Young Usługi Finansowe Audyty Sp. z. o.o., Ernst & Young Audyty Polska Sp. z. o.o., Ernst & Young Audyty Polska Sp. z. o.o., Doradztwo Podatkowe Sp. k. and Ernst & Young Audyty Polska Sp. z. o.o. sp. k.
4. The Grant Thornton network consisted of four audit firms registered in Poland: Grant Thornton Polska Sp. z. o.o. sp. k., Grant Thornton Frąckowiak s Sp. z. o.o. sp. k., Grant Thornton Frąckowiak Sp. z. o.o. and Grant Thornton Polska Sp. z. o.o.
5. The KPMG network consisted of three audit firms registered in Poland: KPMG Audyty Services Sp. z. o.o., KPMG Audyty Sp. z. o.o. and KPMG Audyty Sp. z. o.o. sp. k.
6. The Mazars network consisted of two audit firms registered in Poland: Mazars Audyty Sp. z. o.o. and Mazars Expertise Sp. z. o.o.
7. The Nexia network was represented in Poland by the audit firm Pro Audit Kancelaria Statutory Auditors Sp. z. o.o.

²⁵ The decision on the registration of Elbona Audit s.r.o. (currently: Deloitte Assurance S r. o.) was issued on 9 September 2022 on the basis of Article 90(1)(7a) and Article 63(1), in conjunction with Article 57(1), (2) and Article 58 of the Act on Statutory Auditors and Articles 104 and 107(1) and 4 of the Act of 14 June 1960 Code of Administrative Procedure. The decision was made final on 27 September 2022.

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8. The PwC network consisted of three audit firms registered in Poland: PricewaterhouseCoopers Polska Sp. z. o.o. Audyty Sp. k., PricewaterhouseCoopers Polska Sp. z. o.o., PricewaterhouseCoopers Polska Sp. z. o.o. sp. k. The RSM network consisted of two audit firms registered in Poland: RSM Poland Sp. z. o.o. sp. k. and RSM Poland Sp. z. o.o.
9. In accordance with CEAOB methodology, the Franciszek Stefczyk Audit Association of Cooperative Banks was presented individually in Table 2, since the revenues of this audit association derived from the statutory audits of PIEs exceeded 5% of the statutory audit market for PIEs audits in Poland.

Table 2. Market share of key market players as at 31/12/2022 or for the calendar year ending on that date

Pos.	Category		BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes
1	Registered statutory auditors employed by or associated as partners or otherwise with the network	1.0. Total number	28	71	80	24	112	19	17	101	6	16	2 945	3 419	- The data in the "Total" column refer to the entire PIE and non-PIE market - This category includes both practising SAs and non-practising SAs.
2	Statutory Audits	2.0. Total number of statutory audit opinions issued in 2022	682	920	1189	872	1380	385	130	1737	106	329	23 526	31 256	The data in the column "Total" refer to the entire PIE and non-PIE market

²⁶ Please note that with respect to some rows of the table, the "Total" column presents data for the entire audit market and all audit firms, PIEs and non-PIES, and with respect to other rows of the table, only data for the market of audit firms auditing PIEs and their networks, which is each time indicated in the "Explanatory Notes" column or results from the name of the indicator. This approach is in accordance with the CEAOB methodology.

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Pos.	Category		BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes
		2.1. Of which number of audit engagements performed jointly (in case of joint audit)	0	0	0	0	0	0	0	0	0	0	5	5	The data in the column "Total" refer to the entire PIE and non-PIE market
3	Statutory audits of PIEs ²⁷	3.0. Total number of statutory audit opinions issued in 2022	96	108	75	99	300	85	12	320	1	329	608	2033	- Including 314 CFSs
		3.1. Of which number of audit opinions issued relates to joint audit	0	0	0	0	0	0	0	0	0	0	0	0	
		3.2. Of which listed companies (without listed banks and listed insurance companies)	53	24	53	72	32	20	12	53	0	0	345	664	- Including 285 audits of consolidate financial statements

²⁷ Under Polish law, an audit firm issues two separate opinions from the audit of financial statements and from the audit of consolidated financial statements of the same undertaking.

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Pos.	Category	BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes	
	3.3 Of which non-listed banks	6	12	9	5	6	5	0	12	1	329	202	587	- Including 6	
	3.4 Of which listed banks	0	2	2	2	9	4	0	4	0	0	0	23	- Including 11 audits of consolidated financial statements	
	3.5. Of which non-listed insurance companies	15	4	2	0	17	5	0	23	0	0	6	72	- Including 4 audits of consolidated financial statements	
	3.6. Of which listed insurance companies	0	0	0	0	2	0	0	0	0	0	0	2	- Including 1 audit of consolidated financial statements	
	3.7. Of which national PIEs	22	66	9	20	234	51	0	228	0	0	55	685	- Including 7 audits of consolidated financial statements	
4	Revenues of the audit firm network auditing PIEs in accordance according to Article 13(2)(k) of Regulation 537/2014	4.0. Total number	93 393	162 719	287 889	172 599	179 127	30 187	6 342	729 259	46 313	6 831	224 478	1 939 137	- Data in the column "Total (100%)" corresponds to the market of audit firms auditing PIEs and their network's

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Pos.	Category	BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes
														audit firms; - Figure given in ths. PLN.
	4.1. Revenues from statutory audit of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	6 384	11 266	13 699	5 147	15 692	4 434	316	23 936	80	6 721	16 838	104 513	-As the Agency does not collect information on the capital group affiliation of audited entities, the indicator exclusively covers revenue from the audit of entities that are PIEs. -Data in the column "Total (100%)" corresponds to the market of audit firms auditing PIEs and their network's audit firms. - Data in thousands PLN.

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Pos.	Category	BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes
	4.2. Revenues from the statutory audit of other entities	22 183	70 267	104 767	24 385	67 497	17 547	2 926	129 806	5 175	0	103 022	547 574	- Data in the column "Total (100%)" corresponds to the market for audit firms auditing PIEs and their network's audit firms. - Data in thousands PLN.
	4.3 Revenues from non-audit services permitted to audited entities	17 328	33 343	111 032	8 137	55 017	4 682	855	55 123	1 257	110	18 216	305 098	- Data in the column "Total (100%)" corresponds to the market for audit firms auditing PIEs and their network's audit firms. - Data in thousands PLN
	4.4. Revenues from non-audit services to other entities	47 498	47 843	58 390	134 931	40 922	3 524	2 245	520 394	39 801	0	86 402	981 951	- Data in the column "Total (100%)" corresponds to the market for audit firms auditing PIEs and their network's audit firms. - Data in

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Pos.	Category	BDO	Deloitte	EY	Grant Thornton	KPMG	Mazars	Nexia	PwC	RSM	ZRBS F. Stefczyk of Warsaw	Other	Total ²⁶	Explanatory Notes
														thousands PLN.
5	Firm/ Network Structure ²⁸	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Integrated basis	Not applicable	Not applicable	Not applicable

Source: Information from the Agency's databases, annual reports submitted by audit firms for 2022 – data collected as at 18/04/2022 and information from the Polish Financial Supervision Authority and the Polish Chamber of Statutory Auditors.

²⁸ Audit firms carrying out diversified activities within a single legal entity shall be considered to be integrated audit firms. Audit firms acting exclusively as audit firms have only one line of services, which is audit. In this case, only the turnover achieved within the audit firm and not within the wider network shall be considered. The Agency shall not have information on the activities of entities other than audit firms belonging to the relevant audit firm network.

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Multiannual data

To illustrate more fully the changes taking place in the market for services provided by auditors and audit firms, we present how the selected figures developed at the end of 2022 compared to the 2021 figures presented in the previous report.

Registered statutory auditors employed by or associated as partners or otherwise with the network

Figure 6. Number of statutory auditors employed in or affiliated with audit firms of each network as partners or otherwise at the end of 2022

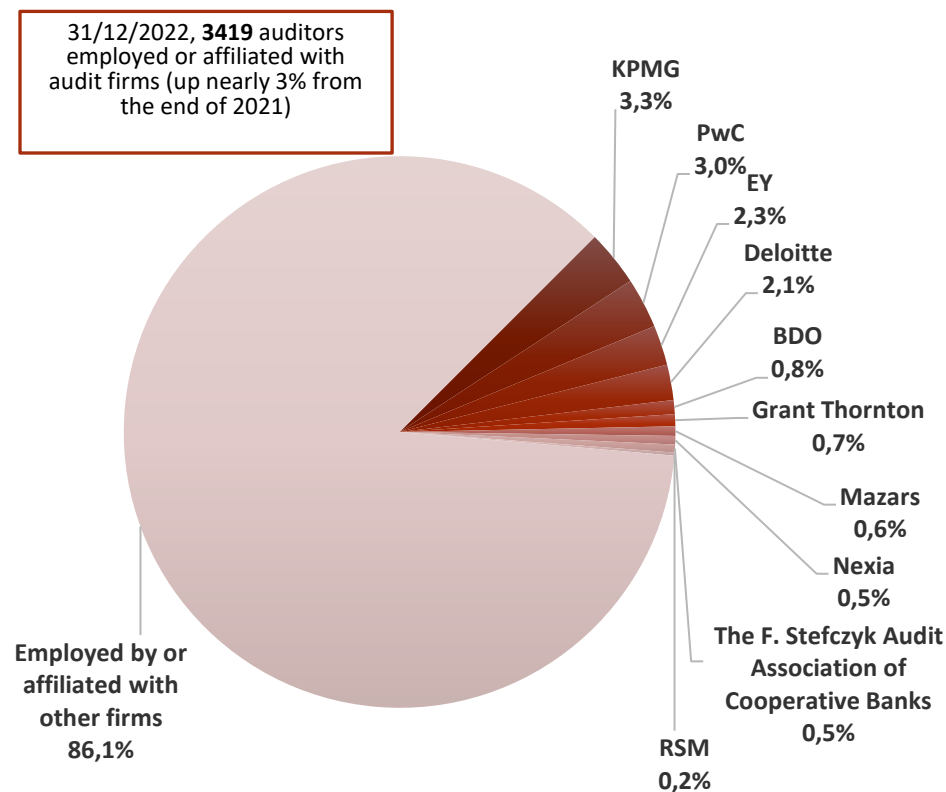
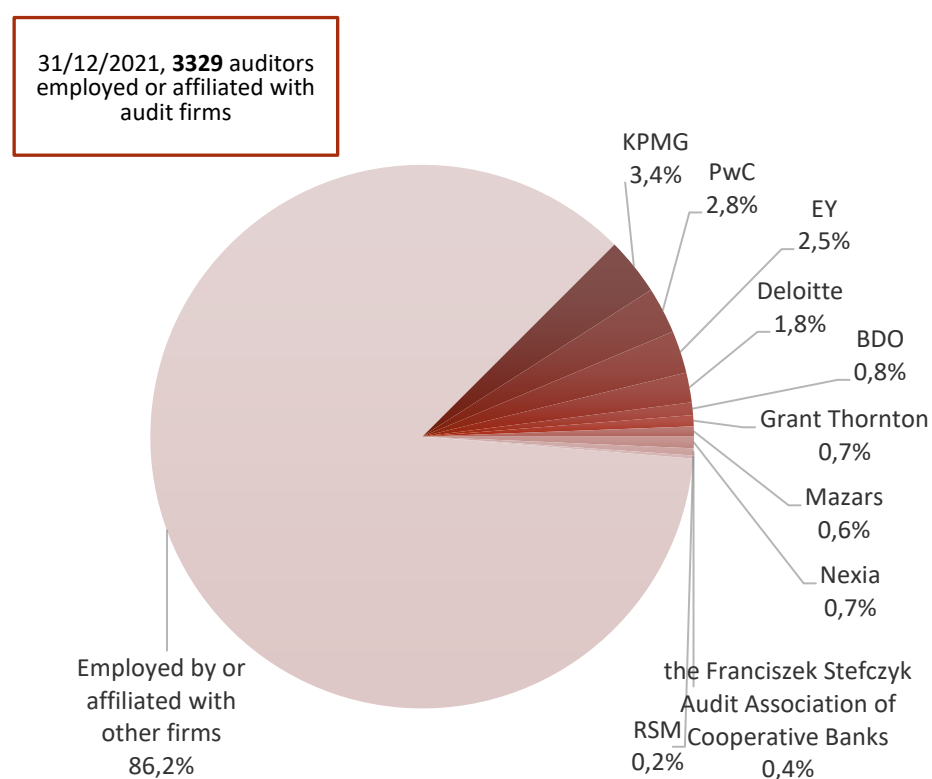


Figure 7. Number of statutory auditors employed in or affiliated with audit firms of each network as partners or otherwise at the end of 2021



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Number of PIEs audited by individual networks of audit firms

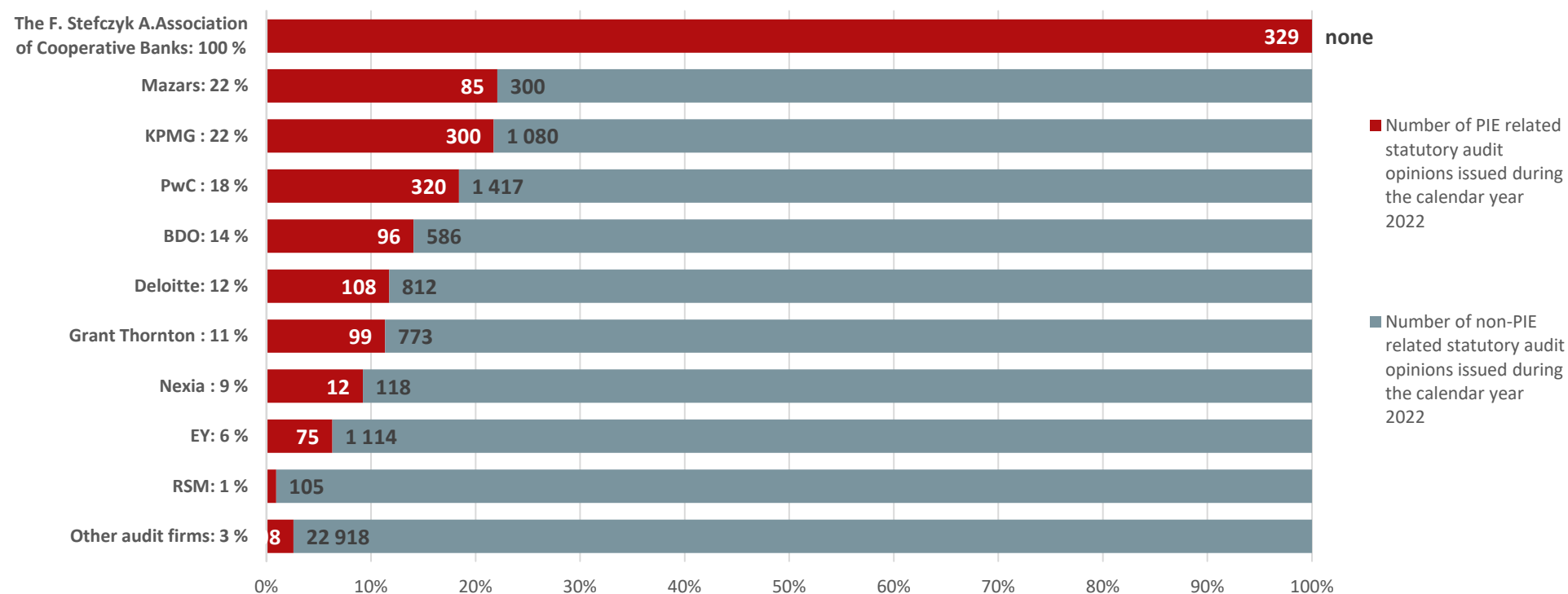
Out of all statutory audit opinions issued in Poland in 2022²⁹, 7% were opinions on the audits of financial statements and consolidated financial statements of public-interest entities. There were clear differences between the largest networks auditing PIEs in the proportion of the above-mentioned opinions to all statutory audit opinions issued by a given network (between 100% and 1%).

The largest share of opinions from statutory audits of PIEs among the audits was held by ZRBS (Franciszek Stefczyk Audit Association of Cooperative Banks of Warsaw), which is an entity with a specific structure established to audit the financial statements of cooperative banks. In 2022, all opinions from the audit issued by this audit association concerned PIEs. Also in absolute terms, in 2022, this association conducted the most PIE statutory audits (329) among all audit firms. The second largest network in terms of the share of the number of opinions issued from the statutory audit of PIEs was the Mazars network, in which 22% of audits in 2022 were PIE-related (85 out of 385 opinions issued by audit firms of this network). Third on the list was the KPMG network, with a 22% share of statutory audits of PIEs (300 out of 1380 opinions issued by audit firms of this network). In absolute terms, the second network in terms of the absolute number of opinions issued in 2022 from statutory audits of PIEs was the PwC network, which issued 320 opinions from statutory audits of PIEs in 2022. These relationships are shown in Figure 8.

²⁹ Please, see footnote 13.

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Figure 8. Comparison of the number of opinions from statutory audits of PIEs in relation to the number of non-PIE opinions for selected networks of audit firms in 2022 and the share of opinions from statutory audits of PIEs in the total number of statutory audit opinions issued



Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected as of 18/04/2023.

On the scale of the entire market, in 2022 2,033 opinions on audits of financial statements and consolidated financial statements of PIEs were issued. In comparison with the figure for 2021, there was a decrease of two audit opinions.

A comparison of the change in the number of opinions from PIE-related statutory audits issued by individual networks auditing PIEs between 2022 and 2021 reveals that the Mazars experienced the largest increase (by 25 opinions from PIE statutory audits), followed by Deloitte (24 opinions from PIE statutory audits). The largest decreases in the number of PIE-related opinions issued were recorded by BDO (a decrease by 29 opinions from PIE-related audits) and PwC (by 18 opinions from PIE statutory audits).

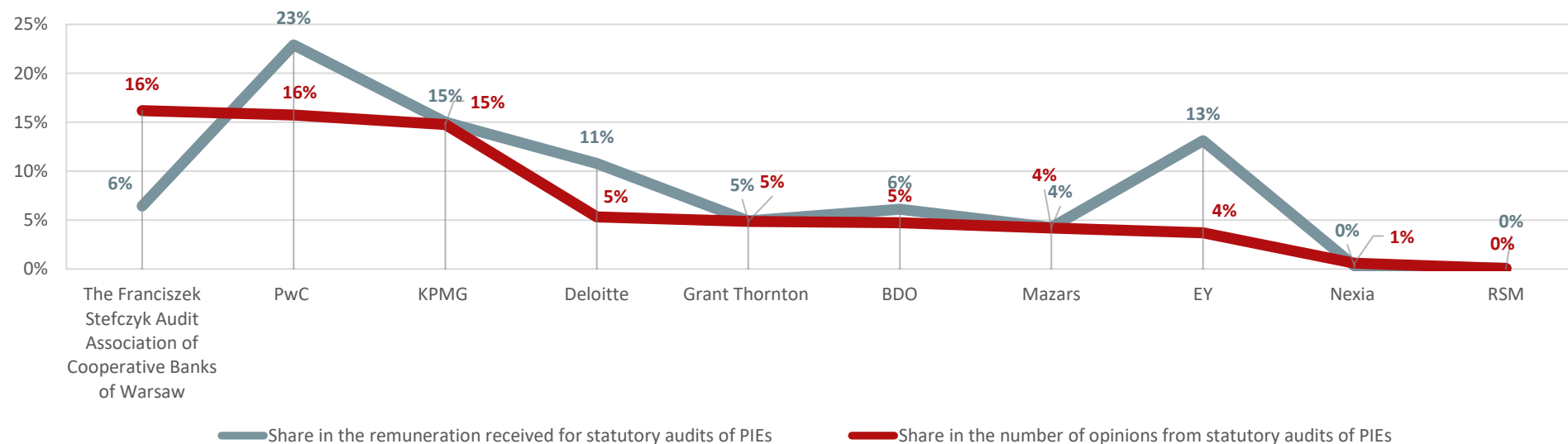
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The 10 largest networks of audit firms auditing PIEs, which are presented in Figure 9, performed a total of 70% of PIE-related statutory audits in 2022 and received 84% of the remuneration for PIE-related statutory audits.

Considering the networks individually, as shown in Figure 9, the largest disproportions between the ten largest networks auditing PIEs were recorded by the Franciszek Stefczyk Audit Association of Cooperative Banks of Warsaw, which in 2022 audited 16% of PIEs and received 6% of the total remuneration for PIE-related audits. The opposite is shown by the EY network, which performed 4% of PIE-related audits and received 13% of the total remuneration for auditing this type of services.

This disproportion is, to some extent, natural since public interest entities are not a homogeneous group. Just as the PIEs themselves may differ, audits of various PIEs differ significantly in terms of complexity and necessary workload etc., hence the variations in remuneration.

Figure 9. Comparison of the share of the number of PIE-related audit opinions issued and the share of the remuneration for the statutory audit of PIEs in the total number of opinions and the total remuneration from PIE-related audits between 10 selected networks of audit firms auditing PIEs in 2022, respectively



Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected as of 18/04/2023.

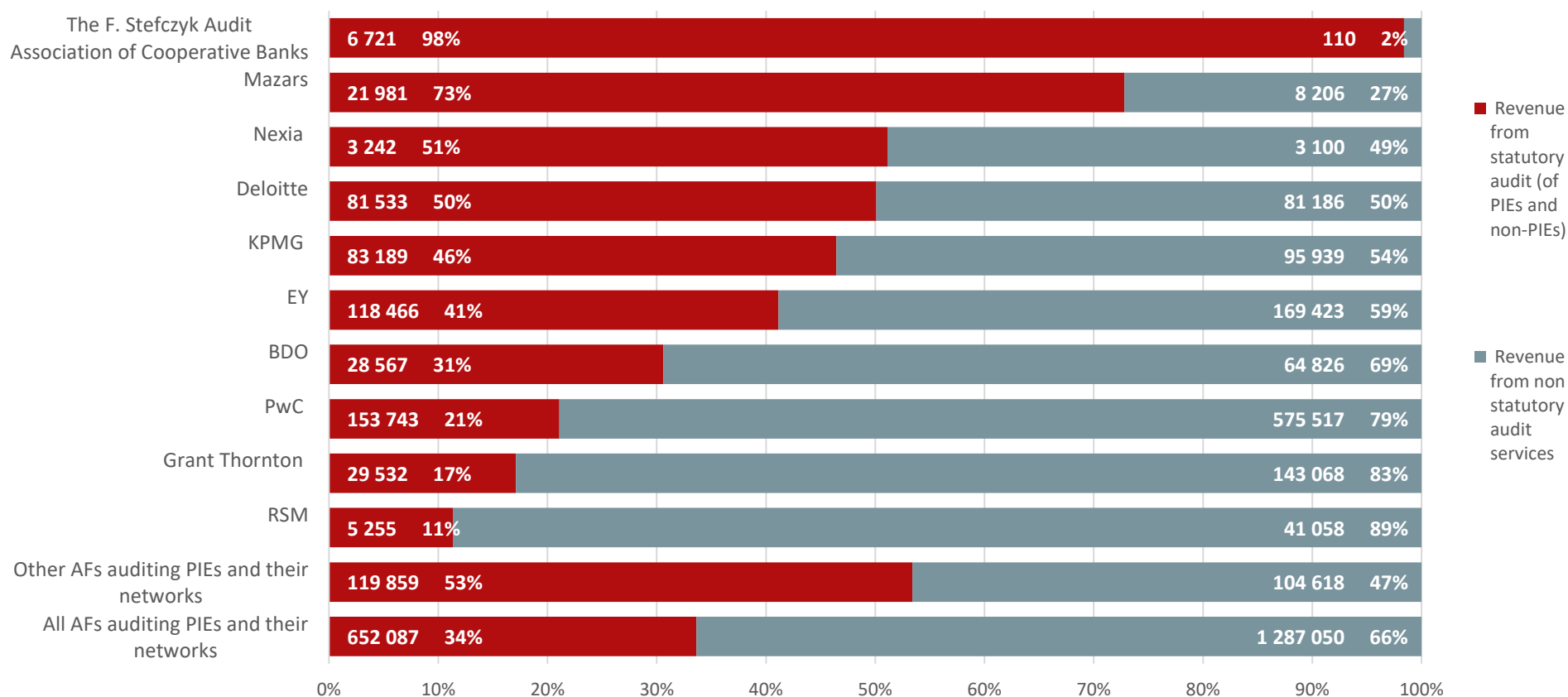
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Revenues of the largest networks of audit firms derived from PIE-related audits and other services

The chart below illustrates the share of revenue derived from statutory audits and non-statutory audits for the largest networks of audit firms in 2022. The share of revenues derived from non-audit services in 2022 was higher than the share of revenues from statutory audits in most of the networks analysed, as well as the average figure for the whole audit firm market. In 2022, the revenues of the F. Stefczyk Audit Association of Cooperative Banks (98% of the Association's revenues are derived from statutory audits) and the Mazars and Nexia networks (73% and 51% of these chains' revenues respectively were obtained from statutory audits) developed differently from the above.

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Figure 10. Revenues derived from statutory audits compared to revenues from non-audit services for selected networks examining PIEs for 2022 (in thousand s of PLN and in %)



Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected as of 18/04/2023.

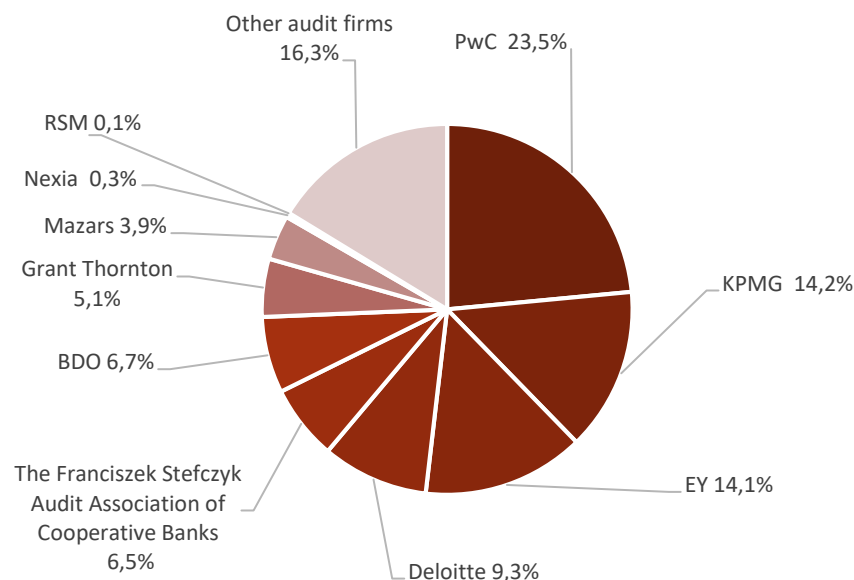
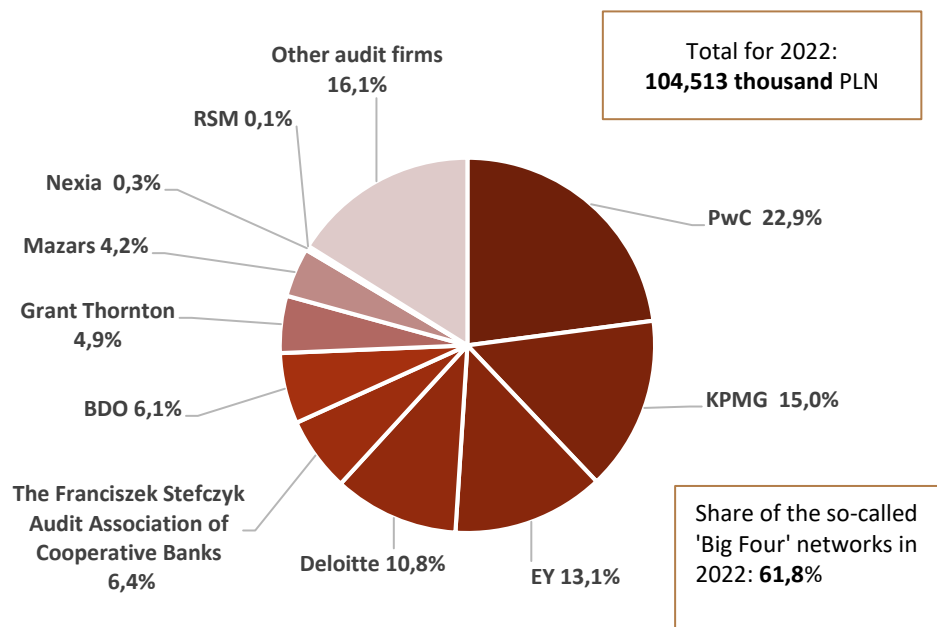
Revenues of the largest networks of audit firms auditing PIEs

The charts below illustrate the share of selected networks of audit firms in revenues from statutory audits of PIEs and non-audit services and in revenues from non-audit services.

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In 2022, revenues from statutory audits of PIEs in Poland amounted to PLN 104,513 thousand. By way of comparison, the figure for 2021 was PLN 97,630 thousand. The total share of the network of audit firms belonging to the so-called "Big Four"³⁰ amounted to 61.8%; the figure for 2021 was 61.1%. The network with the largest share of revenues in the market of this type of services is (as in the previous year) PwC (22.9%), followed by other networks of firms belonging to the "Big Four": KPMG (15%), EY (13.1%) and Deloitte (10.8%). This is illustrated in Figures 11 and 12.

Figure 11. Share of selected networks of audit firms in revenues derived from statutory audits of PIE in 2022 Figure 12. Share of selected networks of audit firms in revenues derived from statutory audits of PIEs in 2021

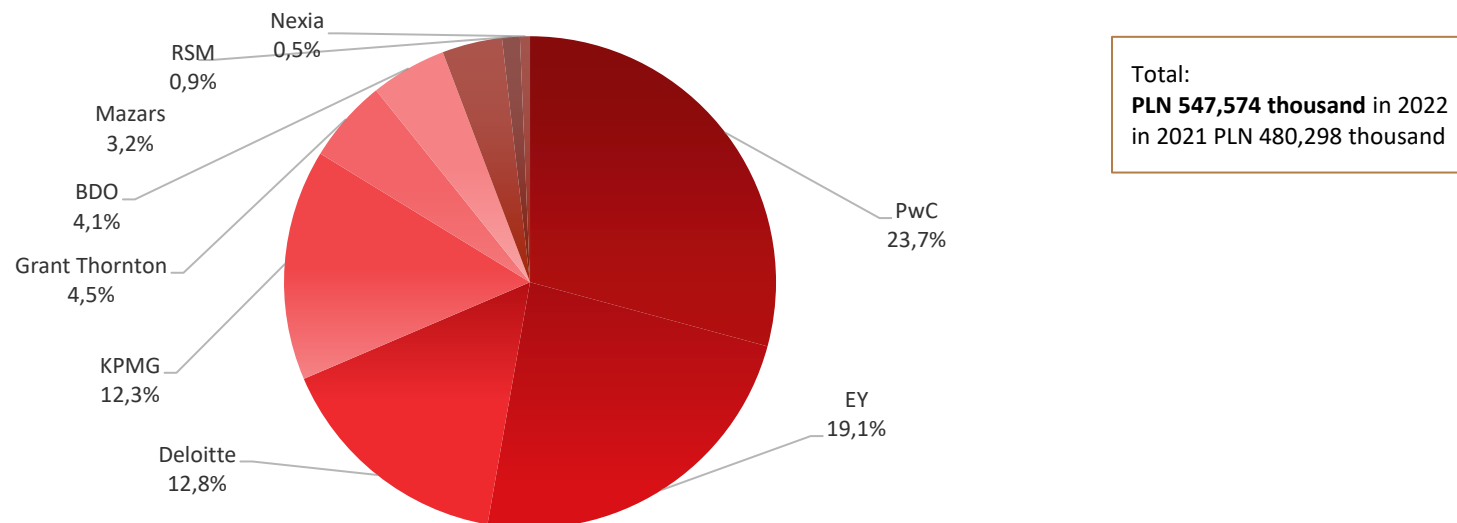


³⁰ It is assumed that the world's largest audit firms, i.e. (in alphabetical order) Deloitte, EY, KPMG and PwC, are the so-called "Big Four" audit firms.

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In 2022, audit firms auditing PIEs in Poland generated revenues from statutory audits of non-PIEs amounting to PLN 547,574 thousand (compared to PLN 480,298 thousand in 2021). The total share of the "Big Four" firms was 68% (compared to 70.6% in 2021). The highest share in revenues derived from this type of services was obtained by the PwC network: 23.7%, followed other networks of the "Big Four" firms: EY (19.1%), Deloitte (12.8%) and KPMG (12.3%). This is shown in Figure 13.

Figure 13. Share of selected networks of audit firms in revenues derived from statutory audits of non-FIE entities in 2022

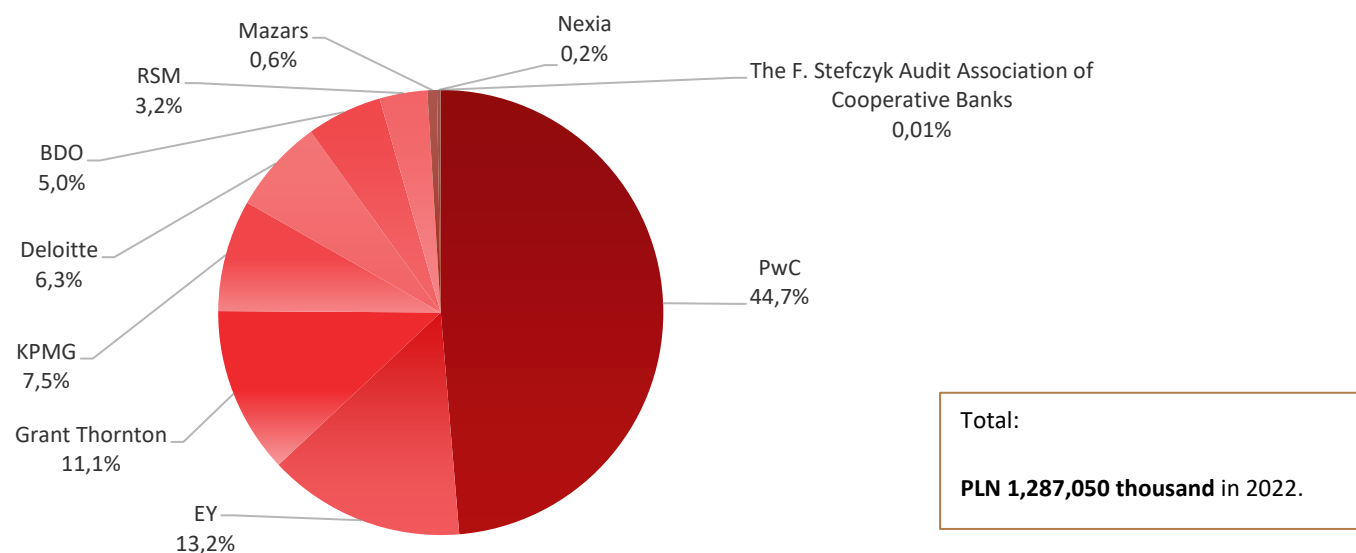


Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected as of 18/04/2023.

In 2022, audit firms auditing PIEs in Poland generated a total of PLN 1,287,050 thousand in revenues from non-statutory audit services. By way of comparison: the figure for 2021 was PLN 1,093,980 thousand. The relatively high share of PwC networks (amounting to almost 45% of this category of selected firms) is particularly striking. Other networks that had a high share in this revenue category were EY (13.2%) and Grant Thornton (11.1%). This is shown in Figure 14.

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Figure 14. Share of selected networks of audit firms in revenues derived from non-statutory audit services in 2022



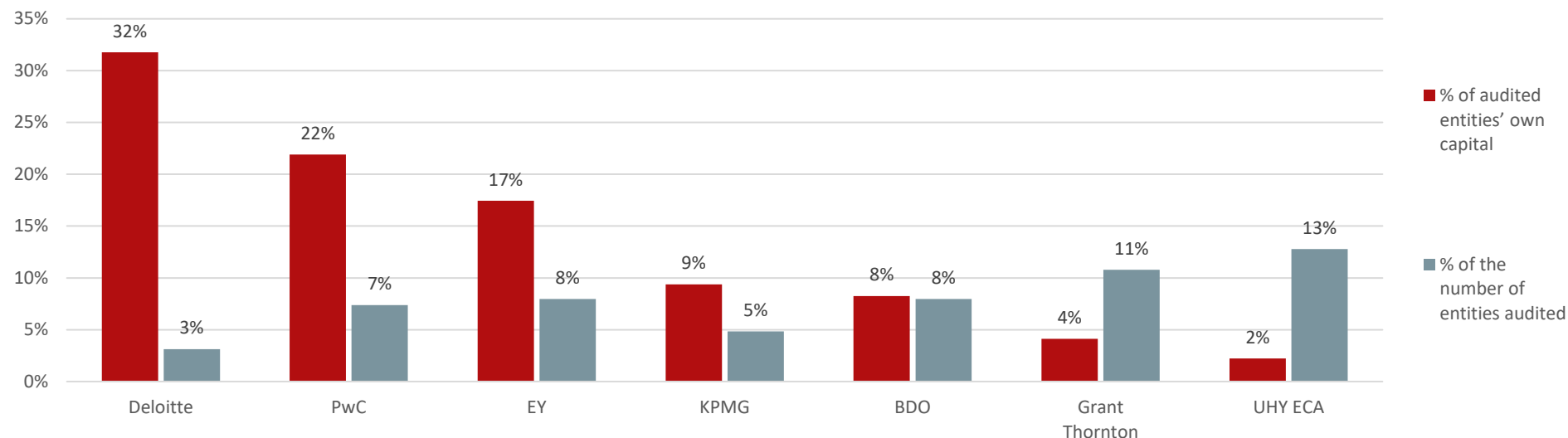
Source: Own elaboration based on annual reports submitted by audit firms for 2022, data collected as of 18/04/2023.

Audit of listed companies by the largest audit firms

Networks of audit firms holding the largest share of audited entities in 2022 (calculated by their equity) did not necessarily audit a proportionally high number of listed companies. The clients of the largest audit firms were often listed companies with larger capital, which translates, among other things, into higher revenues from the audit services provided. These dependencies, for selected audit firms, are presented in Figure 15.

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Figure 15. Audits of FS of issuers of securities conducted by selected audit firms in 2022: share of equity and of a number of issuers of securities audited by a given AFs as a share of total equity of all listed issuers audited on the market and the number



Source: own elaboration based on data from the Polish Financial Supervision Authority.

Audits of banks by the largest audit firms

Audits of banks³¹ other than cooperative banks in 2022, as in the previous year, were mainly performed by audit firms belonging to several largest networks of audit firms. The barrier to entry into this market for smaller entities is the specific nature of banking activity and the related requirements³² concerning auditing teams and the level of

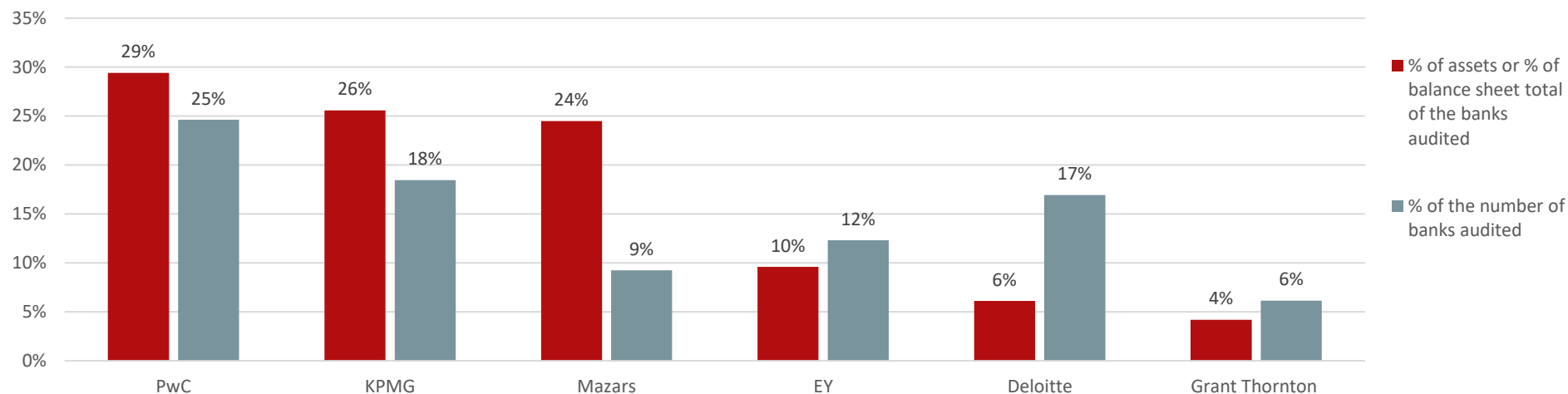
³¹ The category of banks includes domestic banks, branches of credit institutions and branches of foreign banks (within the meaning of the Banking Law of 29 August 1997), which is consistent with the definition of a PIE functioning in the Act on Statutory Auditors.

³² According to Article 66(2) of the Statutory Auditor Act: An audit firm shall provide the key statutory auditor with adequate resources, including an audit team, with the competence and capabilities necessary to perform the audit properly.

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experience and competence in providing services to entities in the sector. Figure 14 shows the share of the largest networks in the number of banks audited, other than cooperative banks, and in the total assets or balance sheet total for these banks in 2022.

Figure 16. Audits of FS of banks other than cooperative banks conducted by selected audit firms in 2022: share of assets and number of banks audited by AFs in the total assets of all banks audited on the market and in the number of statutory audits of these entities



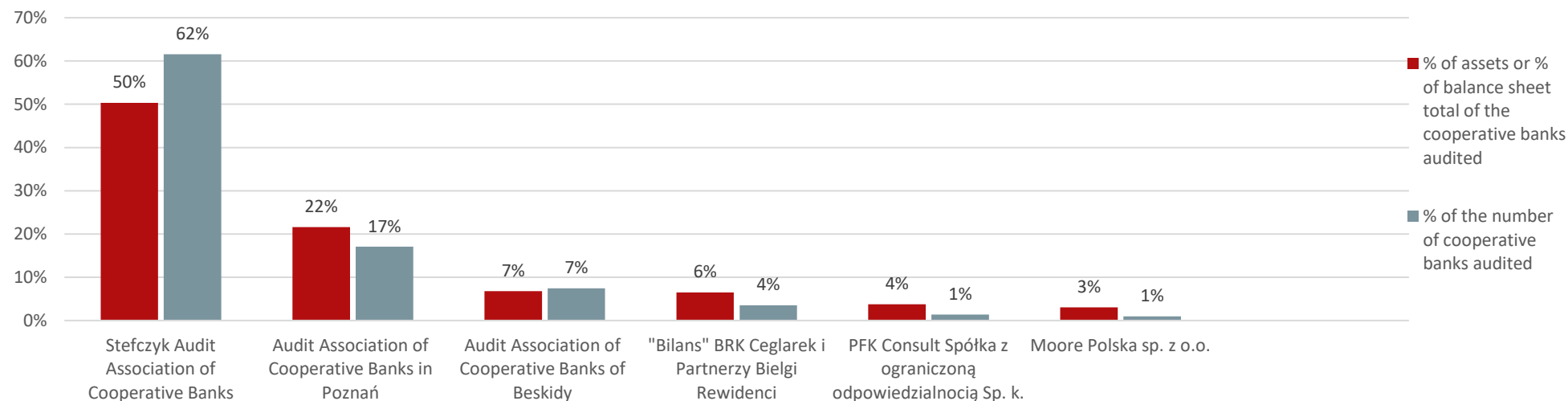
Source: Own elaboration based on data from the Polish Financial Supervision Authority.

Audits of cooperative banks by the largest audit firms

Among audit firms auditing cooperative banks, in 2022, as in the previous year, the Franciszek Stefczyk Audit Association of Cooperative Banks of Warsaw was dominant, conducting 62% of statutory audits of cooperative banks representing 50% of the assets of banks in this sector. Figure 17 shows the share of audit firms having the largest share in the number of audited cooperative banks and their share in the total assets of cooperative banks audited in 2022.

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Figure 17. Audits of FS of cooperative banks conducted by selected audit firms in 2022: share of the balance sheet total number of banks audited by FA in the balance sheet total of all audited banks and in the number of statutory audits of these entities



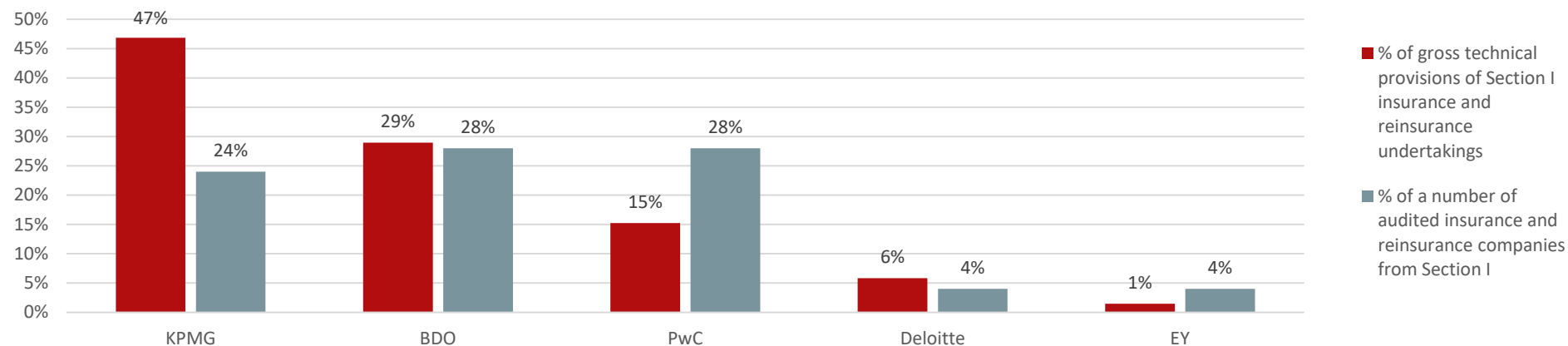
Source: Own elaboration based on data from the Polish Financial Supervision Authority.

Audits of insurance and reinsurance companies by the largest audit firms

Among audit firms auditing insurance and reinsurance companies, taking into account the number of audits performed in 2022, several of the largest entities were dominant. Taking into account the volumes of insurance undertakings defined for Section I insurance and reinsurance undertakings (i.e., life assurance) as gross technical provisions and for Section II insurance and reinsurance undertakings (i.e. other personal and non-life insurance) as gross premium, the audit firm belonging to the KPMG network had the largest share in both subgroups of the audit market for insurance and reinsurance companies according to this definition. This is illustrated in Figure 18 and Figure 19.

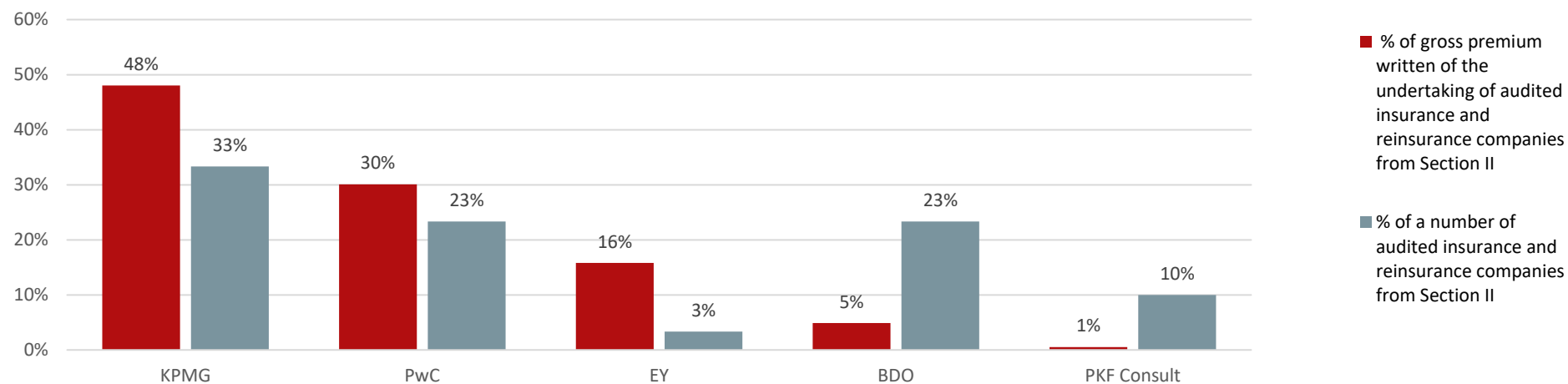
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Figure 18. Audits of FS of Section I insurance and reinsurance companies performed by the largest networks of audit firms in 2022: the share of technical provisions and the number of Section I insurance and reinsurance companies audited by AFs and in the sum of such provisions of all Section I insurance and reinsurance companies audited on the market as well as in the number of statutory audits of these entities



Source: Own elaboration based on data from the Polish Financial Supervision Authority.

Figure 19. Audits of FS of Section II insurance and reinsurance companies conducted by the largest audit firms in 2022: the share of technical provisions and the number of Section II insurance and reinsurance companies audited by AFs and in the sum of such provisions of all Section II insurance and reinsurance companies, audited on the market of as well as in the number of statutory audits of these entities



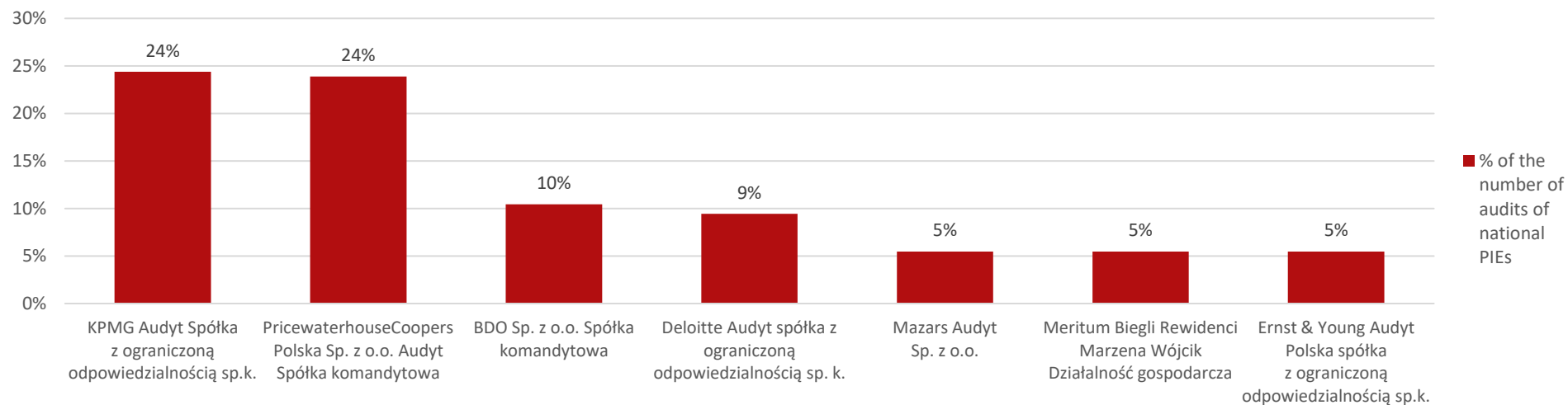
Source: Own elaboration based on data from the Polish Financial Supervision Authority.

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Audits of PIEs other than issuers, banks and insurance companies by the largest audit firms

The number of audits of ‘national PIEs’ in 2022 was dominated by several audit firms: seven AFs performed audits of 85% of national PIEs. This is illustrated in Figure 20. Since there are entities of various nature within the category of national PIEs, we shall not compare them in terms of size.

Figure 20. Number of audits of domestic PIEs’ FS conducted by the largest networks of audit firms in 2022



Source: Own elaboration based on data from the Polish Financial Supervision Authority.

Risks to the quality of audits of financial statements in Poland and actions taken to counteract them

Due to the reform of the supervisory system for statutory auditors and audit firms in Poland, which came into force in 2020, the audit system has undergone fundamental changes. Operational from 1 January 2020, the Agency combines the supervision of audits of public interest entities (PIEs) and those of other entities (non-PIEs). The fact that a team of auditors has been set up from the outset to work at the Agency and audit procedures have been developed to place more emphasis on the risk of lower quality audits limits the scope for drawing comparisons with previous periods.

The number of inspections carried out by the Polish Agency for Audit Oversight as part of the Agency's quality assurance system and their results are monitored on an ongoing basis by the Agency's management and discussed quarterly during meetings of the Agency's Board.

Please note that information on the most common irregularities revealed during inspections is regularly made public in the form of collective studies so that all stakeholders have the opportunity to familiarise themselves with them. The latest publications, covering the period of inspections performed until 30 June 2022, include in particular:

- *A Summary of Inspections Performed by the Polish Agency for Audit Oversight until 30 June 2022*³³,
- *A Summary of the Results of Inspections Performed by PANA by the end of June 2022. Selected Issues in the Area of Fair Value Estimation*³⁴,
- *A Summary of Inspections Carried out by the end of June 2022 for the Audits of Financial Statements in ESEF Format*³⁵,
- *The PANA Thematic Inspections Report*³⁶.

At the same time, we wish to make the public aware of the results of other works in this area, which is also the subject of numerous publications available on the Agency's website. By undertaking such information-related activities, the Agency also performs its statutory tasks.

³³ Available on: <https://pana.gov.pl/wp-content/uploads/2022/09/Podsumowanie-kontroli-prowadzonych-przez-PANA-do-30-czerwca-2022-1.pdf>

³⁴ Available on: https://pana.gov.pl/wp-content/uploads/2022/11/Podsumowanie-kontroli-przeprowadzonych-przez-PANA-w-odniesieniu-do-szacunkow-w-wartosci-godziwej_2022.pdf

³⁵ Available on: <https://pana.gov.pl/wp-content/uploads/2022/09/Podsumowanie-kontroli-przeprowadzonych-do-konca-czerwca-2022-r.-w-zakresie-badania-sprawozdan-w-formacie-ESEF.pdf>

³⁶ Available on: <https://pana.gov.pl/wp-content/uploads/2022/11/Sprawozdanie-z-kontroli-tematycznych-PANA.pdf>

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Main deficiencies detected during inspections

As part of the control system, we present the detected deficiencies divided into two main categories:

- **Deficiencies concerning the operating procedures of audit firms (or firm-wide findings):** nonexistence of or non-compliance with an internal quality control system within an audit firm with the applicable national auditing standards, national standards of quality control, the ethical principles and independence requirements set out in the provisions of the Act on statutory auditors, rules of professional ethics or Articles 4 and 5 of Regulation No. 537/2014;
- **Deficiencies in the examination file (engagement findings):** non-compliance of audit documentation selected for inspection with the provisions of the applicable law, with regard to the requirements of auditing standards, standards of quality control and ethical requirements (with particular emphasis on independence).

Please note that the inspection plans created annually by the Agency depend on the results of an analysis of the risk of deficiencies in statutory audits. According to the assumptions that were made, PANA inspections should take place in the first instance (or more often than the minimum frequency of inspections required by law³⁷) in those audit firms where the risk of deficiencies is higher, or the losses in the event of materialisation of the risk will be higher.

Table 3 presents data on inspections completed by the Agency's inspectors during 2022 and their results.

Table 3. Results of the quality assurance system in 2022 and in the previous year

Pos.	Category	Figure for 2022	Figure for 2021	Explanation for current year's data
1	Statutory audit engagements (files) inspected	1.0. Total	294	320
		1.1. Including statutory audit engagements of PIEs only	79	103
		1.2. Including statutory audit engagements of non-PIEs only	215	217
2	Audit firms Sole Practitioners for which the statutory audit file has been	2.0. Total	145	147

³⁷ Pursuant to the Act on Statutory Auditors, inspections in audit firms may not be carried out less frequently than: once every three years (in the case of an audit firm carrying out statutory audits of public-interest entities meeting the criteria of a large entity) or once every six years (in the case of an audit firm carrying out statutory audits of other entities).

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Pos.	Category		Figure for 2022	Figure for 2021	Explanation for current year's data
	inspected ³⁸	2.1. Including audit firms/ Sole Practitioners who audit PIEs	42	46	
		2.2. Including audit firms/ Sole Practitioners who do not audit PIE	103	101	
3	Audit firms/Sole Practitioners for which firm-wide procedures have been inspected	3.0. Total	143	146	
		3.1. Including audit firms/ Sole Practitioners who audit PIEs	42	45	
		3.2. Including audit firms/ Sole Practitioners who audit PIEs	101	101	
4	Engagement file review Findings	4.0. Total number of findings	1 040	1 323	

³⁸ Nomenclature in accordance with the CEAOB methodology, the use of which allows the comparison of data from subsequent market monitoring reports. In the context of national regulations, the data in Table 3 refer to audit firms, regardless of the form in which they are conducted.

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Pos.	Category	Figure for 2022	Figure for 2021	Explanation for current year's data
	according to point (i) of Article 29(1) of Directive 2006/43/EC			
	4.1. Number of findings made in respect of statutory audit engagements of PIEs	229	460	<p>1. Findings related to audit planning (KSB 210, 300, 315, 320, 330, 402): FS (41), CFS (7), joint FS and CFS (8);</p> <p>2. Findings relating to the proper audit process and documentation (KSB 230, 250, 450, 500, 501, 505, 510, 520, 530, 550, 560, 580, 600, 610, 620) : FS (43), CFS (13), total FS and CFS (56);</p> <p>3. Findings related to communication with those charged with governance and in audit opinions: (NRS 200, 260, 265, 700, 701, 705, 706, 710, 720): FS (31), FS (4), total FS and CFS (35);</p> <p>4. Findings related to the Auditor's responsibilities when auditing financial statements related to fraud (KSB 240): FS (19), CFS (0), total FS and CFS (19);</p> <p>5. Findings concerning the audit of accounting estimates (KSB 540): FS (10), CFS (3), total FS and CFS (13);</p> <p>6. Going concern findings (KSB 570): FS (2), CFS (0), total FS and CFS (2);</p> <p>7. Findings related to the quality control review of the audit engagement (KSKJ1 and KSB 220): FS (31), CFS (4), total FS and CFS (35);</p> <p>8. Findings related to non-compliance with Regulation No. 537/2014: FS (25), CFS (5), total FS and CFS (30);</p> <p>9. Other findings: FS (48), CFS (13), total FS and CFS (61);</p> <p>Number of PIE audit engagements: FS (52), CFS (14), total FS and CFS (66).</p>
	4.2a. Number of statutory audits of PIEs in which findings were identified	66	95	
4.2b. Number of statutory audits of PIEs in which no findings were identified	13	8		

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Pos.	Category		Figure for 2022	Figure for 2021	Explanation for current year's data
		4.3. Number of findings identified in statutory audits of non-PIEs	811	863	<p>1. Findings concerning audit planning (KSB 210, 300, 315, 320, 330, 402): FS (140), CFS (8), total FS and CFS (148);</p> <p>2. Findings related to the proper audit process and documentation (KSB 230, 250, 450, 500, 501, 505, 510, 520, 530, 550, 560, 580, 600, 610, 620): FS (150), CFS (9), total FS and CFS (159);</p> <p>3. Findings related to communication with those charged with governance and in audit opinions (NRS 200, 260, 265, 700, 701, 705, 706, 710, 720): FS (114), CFS (8), total FS and CFS (122);</p> <p>4. Findings concerning auditor's responsibilities related to fraud (KSB 240): FS (90), CFS (4), total (94);</p> <p>5. Findings concerning the audit of accounting estimates (KSB 540): FS (43), CFS (2), total (45);</p> <p>6. Going concern findings (KSB 570): FS (21), CFS (2), total (23);</p> <p>7. Findings related to quality control review of audit engagements (KSKJ1 and KSB 220): FS (54), CFS (3), total (57);</p> <p>8. Findings related to non-compliance with Regulation No. 537/2014: FS (0), CFS (0), total (0);</p> <p>9. Other findings: FS (152), CFS (9), total (161);</p> <p>Number of non-PIE audit engagements: FS (173), CFS (12), total (185).</p>
		4.4a. Number of statutory audits of Non-PIEs in which findings were identified	185	207	
		4.4b. Number of statutory audit engagements of Non-PIEs without findings	30	10	
5	Firm-wide review	5.0. Total number of findings	443	514	

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Pos.	Category	Figure for 2022	Figure for 2021	Explanation for current year's data
	5.1. Number of findings identified in audit firms/Sole Practitioners auditing PIEs	104	166	1. Findings concerning national regulations (UoBR): 22; 2. Findings (KSKJ1.1-19): 13; 3. Findings relating to ethical requirements (KSKJ1.20-25): 10; 4. Findings regarding the acceptance and continuation of cooperation with the client (KSKJ1.26-28): 4; 5. Human resources related findings (KSKJ1.29-31): 0; 6. Findings relating to engagement performance (KSKJ1.32-34): 5; 7. Findings relating to the engagement quality control review (KSKJ1.35-44): 16; 8. Findings relating to engagement documentation (KSKJ1.45-47): 10; 9. Findings relating to engagement monitoring (KSKJ1.48-56): 11; 10. Findings relating to quality control system documentation (KSKJ1.57-59) : 1; 11. Other (KSB 220, AML): 7; 12. Infringement of Regulation No. 537/2014: 5.
	5.2a. Number of audit firms/sole practitioners auditing PIEs in which findings were identified	25	40	
	5.2b. Number of audit firms/sole practitioners auditing PIEs in which no findings were identified	12	5	

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Pos.	Category	Figure for 2022	Figure for 2021	Explanation for current year's data
	5.3. Number of findings identified in audit firms/Sole Practitioners auditing Non-PIEs only	339	348	1. Findings concerning national regulations: 66; 2. Findings (KSKJ1.1-19): 28; 3. Findings relating to ethical requirements (KSKJ1.20-25): 49; 4. Findings regarding the acceptance and continuation of cooperation with the client (KSKJ1.26-28): 25; 5. Human resources related findings (KSKJ1.29-31) : 0; 6. Findings relating to engagement performance (KSKJ1.32-34) : 24; 7. Findings relating to the engagement quality control review (KSKJ1.35-44): 50; 8. Findings relating to engagement documentation (KSKJ1.45-47) : 14; 9. Findings relating to engagement monitoring (KSKJ1.48-56) : 64; 10. Findings relating to quality control system documentation (KSKJ1.57-59) : 15; 11. Other (KSB 220, AML) – 7.
	5.4a. Number of audit firms Sole Practitioners not auditing PIEs with findings	79	86	
	5.4b. Number of audit firms Sole Practitioners not auditing PIEs with no findings identified	8	15	

Source: Own elaboration

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Mitigation and systemic analysis of risk

Table 4 below presents information on the actions taken in 2022 in Poland in connection with the findings detected and the risk assessment related to these findings.

Table 4. Mitigation and systemic analysis of risk

Pos.	Question	Answer	Category	Explanatory notes
Risk mitigation				
1	For the given reference period, in respect of PIE findings, have the recommendations made been satisfactorily implemented on or before the end of the twelve-month implementation deadline? Please provide details in cases where the recommendations have not been implemented satisfactorily or have been implemented after a twelve-month implementation period.	No		With regard to the 8 inspected audit firms auditing PIEs, the recommendations presented have not been implemented satisfactorily. In all other cases, the recommendations have been implemented satisfactorily and in a timely manner.
2	Were there any PIE findings identified as 'recurring findings' during the given reference period, i.e. where the same findings were identified in the same audit firm or with the statutory auditor in previous audit cycles? If so, please indicate what remediation action has been assigned to the audit firm (or statutory auditor).	Yes	Quality control of the execution of the audit order – Quality Controller	Administrative proceedings were initiated against the relevant audit firm and disciplinary proceedings taken against the Quality Controller.
		Yes	Risk Assessment	Incorrect risk assessment. Disciplinary investigations were initiated against the Key Statutory Auditors and Engagement Quality Controllers.
		Yes	Other	Insufficient audit evidence with respect to material items of the financial statements (FSs of the financial institution). Disciplinary investigations were initiated against the Key Statutory Auditors and Engagement Quality Controllers.
		Yes	Risk Assessment	Inadequate identification of general internal controls used in the audited entity, leading to an erroneous risk assessment. Disciplinary investigations were initiated against the Key Statutory Auditors and Engagement Quality Controllers.

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Pos.	Question	Answer	Category	Explanatory notes
		Yes	Other	Accounting estimates. Insufficient and inadequate evidence on the valuation of financial liabilities and assets. Disciplinary investigations were initiated against the Key Statutory Auditors and Engagement Quality Controllers.
		Yes	Adequacy of Financial Statements and Disclosures	Disciplinary investigations were initiated against the Key Statutory auditors and Engagement Quality Controllers.
		Yes	Other	Adequacy of the management report and disclosure in accordance with national legislation. Disciplinary investigations were initiated against the Key Statutory Auditors and Engagement Quality Controllers.
3	Were any regulatory sanctions imposed during the reference period as a follow up finding in PIE audits identified (including those performed outside the reference period)? Please explain the type of sanctions imposed (and whether the procedure has been completed).	Yes		As a result of irregularities identified by PANA, including those detected during the inspections performed, due to statutory competences, administrative proceedings may be initiated against audit firms and disciplinary investigations made against statutory auditors. In connection with improperly performed services, PANA has initiated and is conducting administrative proceedings against, among others, audit firms auditing PIEs. In 2022, PANA issued nine administrative decisions (including non-final and non-final ones) against audit firms auditing PIEs in connection with findings identified in their statutory audits of PIEs, and five court decisions imposing penalties on statutory auditors became final due to findings identified in their statutory audits of PIEs. The vast majority of sanctions were fines and warnings.
Systemic Risk Analysis				
	Did any of the findings of the PIE survey or the combined findings of the PIE survey detected during the reference period indicate systemic weaknesses in any of the following areas:			
4	- Objectives and strategies of the audit firm (i.e. performance targets and indicators)	No		Not applicable
5	- Financial stability of the audit firm	No		Not applicable

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Pos.	Question	Answer	Category	Explanatory notes
6	- Audit firm leadership and culture	Yes		In the case of six verified audit firms performing audits of the financial statements of PIEs, systemic risks related to the management and culture of the audit firm were identified. In the case of two audit firms, systemic weaknesses were identified in relation to the overall poor quality of audit documentation and the provision of prohibited services. In the case of other audit firms, the systemic risk identified resulted from a continuous lack of communication between the audit firm and the financial market supervisory authorities.
7	- Overall quality of the audit firm's internal control system	Yes		In the case of six inspected audit firms performing audits of the financial statements of PIEs, systemic risks related to the overall quality of the internal control system in the audit firm were identified. The systemic weaknesses identified were due to weak or no engagement quality control reviewing or internal monitoring.
8	Were other instances of systemic risk detected during the reporting period outside the audit process (e.g. through enforcement activities, media coverage). Please provide details.	No		Not applicable

Source: Own elaboration

Summary

Services provided by statutory auditors and audit firms, including in particular statutory audit services to public-interest entities, are monitored on an ongoing basis by the Polish Agency for Audit Oversight, which is reflected in numerous publications published on the Agency's website³⁹, such as the analysis "Services of audit firms in 2022 based on annual reports. Selected issues"⁴⁰ issued in May this year, and this report, which is based on analysed information on statutory auditors and audit firms collected in

³⁹ Website address of the Polish Agency for Audit Oversight: <https://pana.gov.pl>

⁴⁰ Available on the following website: <https://pana.gov.pl/wp-content/uploads/2023/05/Uslugi-firm-audytorskich-w-2022-roku-....pdf>

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accordance with the methodology developed by the Committee of European Auditing Oversight Bodies (CEAOB). The information contained in the report comes from various sources, i.e. both the Agency's databases and those made available by the Polish Financial Supervision Authority and the Polish Chamber of Statutory Auditors.

The main conclusions drawn from the monitoring of the market for services provided by statutory auditors and audit firms for 2022 are presented below.

As regards the market for statutory auditors and audit firms, including its concentration, it should be emphasised that:

- In Poland, at the end of 2022, there were 5.1 thousand statutory auditors, but about half of them, i.e. 2.7 thousand people, practice the profession. There are nearly 1.3 thousand audit firms on the market⁴¹, including one audit firm from an EU Member State (the Czech Republic) **(see pages 11-12)**;
- Both the number of statutory auditors and the number of audit firms in Poland are steadily decreasing. With regard to auditors, it should be emphasized that a similar trend has been occurring for many years around the world. The Agency is closely monitoring the situation in this area. However, at present, this phenomenon seems to have had no negative impact on the quality of services provided by audit firms. In the case of audit firms (auditing the financial statements of both PIEs and non-PIEs), a significant part of deletions from the list results from the termination of their activities. On the other hand, the decline in audit firms is partially due to consolidation with other audit firms' activities, which the Agency sees as a positive phenomenon, as it frequently creates synergy by providing additional support to statutory auditors;
- Due to different regulatory regimes on the market, we can distinguish audit firms which perform statutory audits of financial statements of public-interest entities (in addition to providing services to non-PIE entities) from those which do not provide statutory audit services to entities with PIE status. In 2022, only 58⁴² out of almost 1.3 thousand of all audit firms in Poland carried out statutory audits for PIEs. These firms, together with the networks of which they are members, accounted for nearly 73% of revenues derived from statutory audits, with the total revenue derived from statutory audits amounting to PLN 891 million **(see pages 16-24)**;
- On the market of statutory audits of PIEs financial statements, both in general and when looking at individual segments of PIEs, the so-called "Big Four" audit firms (in alphabetical order: Deloitte, EY, KPMG and PwC) are dominant. Firms belonging to these four networks achieved 62% of revenues derived from statutory audits

⁴¹ In addition, at the end of 2022, 1 audit entity from a third country (from the United Kingdom) was registered. Pursuant to Article 204 of the Act on Statutory Auditors, the Polish Agency for Audit Oversight maintains a list of audit entities from third countries, which is available at: <https://pana.gov.pl/komunikaty/lista-jednostek-audytorskich-z-panstw-trzecich/>.

⁴² The Agency shall publish an annual list of audit firms auditing PIEs during the previous financial year. For 2022, this list can be found at: <https://pana.gov.pl/wp-content/uploads/2023/03/Wykaz-FA-JZP-2022.pdf>.

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for PIEs in Poland in 2022 (slightly more than in the previous year). At the same time, it should be noted that, separately, none of these networks has a dominant position on the statutory audit market understood (exceeding 40%⁴³ exceeding 40 % of the market for the audit of PIEs **(see pages 33 to 38)**;

- The increase in median fees for audits of the financial statements of PIEs and non-PIEs totalled around 17 %. On the other hand, with regard to fees for auditing the financial statements of PIEs, an increase in the median was recorded in the range of 12.8 – 18.5% (in the following industries: construction, information and communication, financial and insurance activities, professional, scientific and technical activities and manufacturing) and significantly lower growth of 1,9 % in the wholesale and retail trade sector⁴⁴;
- An analysis focusing on the most important sectors of PIEs, i.e. listed companies, banks, insurance companies and others (so-called 'national PIEs'), shows in particular that the two sectors are dominated by a few audit firms. This applies to insurance and reinsurance undertakings and to cooperative banks **(see pages 40-45)**. This concentration has persisted in recent years, despite the mechanism of mandatory rotation of the network of firms carrying out statutory audits of PIEs introduced by Regulation No. 537/2014 and the Act on Statutory Auditors;
- On the market for statutory audits of financial statements of non-PIE entities, there is a slight decrease in the number of audits of financial statements performed by firms belonging to the "Big Four";
- In Poland, as in most EU countries⁴⁵, no statutory obligation to perform joint audits, i.e. to engage more than one audit firm in the audit of one financial statement, has been imposed on any entity. Despite the existence of regulations in the Act permitting such a solution, this phenomenon does not occur frequently **(see page 14)**.

With regard to the risks related to the quality of audits of financial statements, it should be emphasised that:

- In Poland, audit firms are subject to, among other, planned inspections of financial audit services provided. Since its creation, the Agency has been performing inspections in audit firms auditing PIEs and non-PIEs. Information on the most common findings detected during inspections is the subject of studies available on the Agency's website **(see page 46)**;
- The Agency's analyses show a gradual decrease in the number of audit firms in which statutory auditors provide more than 50 services per year. The Agency considers this to be a positive development, as it indicates a better understanding of the need for spending sufficient time by statutory auditors and audit firms and is, at least partially, the result of its oversight activities.

⁴³ According to the Act on Competition and Consumer Protection of 16 February 2007 (Journal of Laws of 2021, item 275, as amended), a dominant position is a position of an entrepreneur that enables him or her to prevent effective competition on the relevant market by making it possible for him or her to act, to a significant extent, independently of his or her competitors, counterparties and consumers; it is presumed that an entrepreneur has a dominant position if his or her share in the relevant market exceeds 40%.

⁴⁴ Cf. Services of audit firms in 2022 on the basis of annual reports. Selected issues.

⁴⁵ A few exceptions include France, Bulgaria and Croatia.

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We would like to remind you that the full assessment of the situation on the market of services provided by statutory auditors and audit firms in 2022 may be influenced by the results of administrative and disciplinary proceedings not completed by the date of publication of this report.

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