

IFIAR 2024 Member Profile – AAPVIM

1. Jurisdiction	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Lithuania</p>
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnyba prie Lietuvos Respublikos finansų ministerijos.</p> <p>The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania. (AAPVIM)</p>
	<p>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</p> <p>Rinktinės g. 48A, LT-09318 Vilnius, Lithuania</p> <p>Tel.: +370 5 212 5464 Fax: +370 5 262 0782 E-mail: info@avnt.lt Website: https://avnt.lrv.lt</p>
	<p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p><u>Basis for establishment:</u> The Authority of Audit and Accounting (AAA) was established in 2002, as the Institute of Accounting, which was responsible for issuing Business Accounting Standards (Lithuanian GAAP). During 2007-2008, following the update in the EU Directive on Statutory Audit, the Lithuanian Parliament enacted new version of the Law of the Republic of Lithuania on Audit, wherein public audit oversight functions were delegated to Institute of Accounting. As a result to this reform, the responsibilities of the Institute of Accounting were expanded in order to include the functions of Public Audit Supervision and the name of the Institute was changed accordingly to the AAA. During the year 2015-2016 the AAA was reorganized, combining three institutions (i.e. AAA, Property Valuation Oversight Agency and Department of Enterprise Bankruptcy</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

Management under the Ministry of Economy) into one – the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania (AAPVIM). Reorganization is based on the Act No. 458 of 6 May 2015 of the Government of the Republic of Lithuania. The new Charter of AAPVIM is approved by the Order No. 1K-344 of 23 November 2015 of the Minister of Finance of the Republic of Lithuania. From the beginning of the year 2016 AAPVIM has taken over all the rights, obligations and functions of these three reorganized institutions.

Mission: The AAPVIM is the Lithuania's independent regulator with the primary responsibility in Lithuania in relation to public audit oversight, application of national accounting standards for financial reporting, oversight of assets and business valuation and insolvency management of entities. AAPVIM mission concerned with public audit oversight is to ensure high quality in statutory audits, that information in the audited financial statements would present fair information.

Responsibilities: According to the Law of the Republic of Lithuania on the audit of the financial statements the main AAPVIM responsibility is to carry out public oversight of audit, which includes supervision of recurring quality review of the statutory auditors and audit firms carrying out statutory audits of non-public-interest entities and evaluation of these review performance quality, performance of recurring inspections of the statutory auditors and audit firms carrying out statutory audits of public-interest entities, performance of audit investigations and enforcement of the sanctions after the results of review, inspection or investigations, supervision of the approval and registration of statutory auditors and audit firms, supervision of continuing professional education of auditors, cooperation with other public audit oversight authorities and other related duties. As a part of public audit oversight activity, the AAPVIM translate the International Standards on Audit in Lithuanian language. The AAPVIM is also responsible for application of national accounting standards, implementation of the state policy in property, business valuation and in insolvency management (bankruptcy and restructuring, bankruptcy of natural persons areas).

Authority with respect to audit regulation: AAPVIM operates according to the Charter of AAPVIM, which is approved by the Order No. 1K-344 of 23 November 2015 of the Minister of Finance of the Republic of Lithuania. AAPVIM is established by and is accountable directly to the Ministry of Finance of the Republic of Lithuania.

2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:

Licensing

	<input checked="" type="checkbox"/> Registration <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors <input checked="" type="checkbox"/> Inspection <input checked="" type="checkbox"/> Enforcement <input type="checkbox"/> Other: _____
3. Governing Body Composition and members	<p>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</p> <p>Composition of the Board (Audit oversight committee):</p> <ol style="list-style-type: none"> 1. Mrs. Paulė Svorobovičienė - Senior Advisor of Audit, Accounting, Property Valuation and Insolvency Management department of the Ministry of Finance of the Republic of Lithuania (Chairwoman of the Committee); <i>Member to substitute - Mrs. Rasa Stanislovaitienė, Advisor of the Division of the Audit, Property Valuation and Insolvency Management of the Audit, Accounting, Property Valuation and Insolvency Management department of the Ministry of Finance of the Republic of Lithuania;</i> 2. Mrs. Inga Lekavičienė - Chief Specialist of Regulated Markets Surveillance Division of Financial Services and Markets Supervision Department of the Supervision Service of the Bank of Lithuania (Deputy Chairman of the Committee), <i>Member to substitute - Mrs. Jolanta Gruodienė, Chief specialist of Governance and Internal Control Division of Prudential Supervision Department of the Supervision Service of the Bank of Lithuania;</i> 3. Asta Malinauskienė Senior Advisor of Strategic Management and Monitoring Group of the Ministry of Justice of the Republic of Lithuania, <i>Member to substitute - Mrs. Dovilė Mekionytė, Advisor of the Ministry of Justice of the Republic of Lithuania;</i> 4. Mr. Vaidotas Rudokas – Director of the Enterprise Policy Department of the Ministry of Economy and Innovation of the Republic of Lithuania; <i>Member to substitute – Mr. Jaunius Petrauskas, Advisor of the Company Law division of the Enterprise Policy Department of the Ministry of Economy and Innovation of the Republic of Lithuania;</i> 5. Mrs. Giedrė Stalauškienė – Head of the second Financial Audit department of the National Audit office of Lithuania, <i>Member to substitute – Mrs. Inga Surplienė, senior state auditor of the Audit Quality Assurance Division of the Audit Development Department of the National Audit Office of Lithuania;</i> 6. Mrs. Laimutė Kazlauskienė – delegated by the Lithuanian Chamber of Auditors, Head of the Organization and Methodological division of the Accounting department of the National Common services center,

	<p><i>Member to substitute – Mr. Gintaras Černius, delegated by the Lithuanian Chamber of Auditors, professor of the Mykolas Romeris University;</i></p> <p>7. Mr. Danielius Urbonas - delegated by the Lithuanian Chamber of Auditors, advocate, <i>Member to substitute – Mrs. Renata Legenzova, delegated by the Lithuanian Chamber of Auditors, Head of the Department of Finance of the Faculty of Economics and management of the Vytautas Magnus University.</i></p> <p>Two out of the seven Committee members are appointed by the Chamber of Auditors.</p>
	<p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</p> <p><u>The eligibility criteria / requirements or composition requirements for the members of the governing body:</u></p> <p>All members of the Audit Oversight Committee according to the 6 point of the 61 article of the Law of the Republic of Lithuania on the audit of the financial statements must be non-practitioners. The members of the Audit Oversight Committee must have at least five years of work experience in the areas of the audit of financial statements, accounting, financial reporting and/or law. One member of the Audit Oversight Committee shall be appointed by the Ministry of Finance, the Ministry of Justice of the Republic of Lithuania, the Ministry of Economy of the Republic of Lithuania, the National Audit Office of Lithuania and the Bank of Lithuania, and two members shall be appointed by the Chamber of Auditors</p> <p>Being Member state of the European Union, Lithuania shall comply with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. Article 21 of the Regulation determines conditions of independence, i.e. the competent authorities shall be independent of statutory auditors and audit firms. A person shall not be a member of the governing body, or responsible for the decision-making, of those authorities if during his or her involvement or in the course of the three previous years that person: a) has carried out statutory audits; b) held voting rights in an audit firm; c) was member of the administrative, management or supervisory body of an audit firm; d) was a partner, employee of, or otherwise contracted by, an audit firm. In line with Regulation, 24 point of the 2 article of the Law of the Republic of Lithuania on the audit of the financial statements determines, that non-practitioner means a natural person who has, for at least three years before his or her involvement in decision-making related to public oversight and in the</p>

	<p>course of involvement in the adoption of the aforementioned decisions, met all the following requirements: 1) has not carried out the audit of financial statements and has not been employed by an audit firm; 2) has not been a participant of an audit firm and/or has had no influence over the audit firm’s governance; 3) has not been a member of the management body of the Chamber of Auditors. As it was mentioned, all members of the Audit Oversight Committee, according to the 6 point of the 61 article of the Law of the Republic of Lithuania on the audit of the financial statements, must be non-practitioners. Decision to compose Audit Oversight Committee is taken by the Minister of Finance of the Republic of Lithuania.</p> <p>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>“Cooling-off” period for the former auditors is 3 years. After that period the former auditor becomes non-practitioner.</p>
<p>4. Independence safeguards</p>	<p>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</p> <p>The AAAPVIM’s overall independence from the audit profession is safeguarded under local legislation by Article 21 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and 24 point of the 2 article, 6 points of the 61 article of the Law of the Republic of Lithuania on the audit of the financial statements.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input checked="" type="checkbox"/> Same set of requirements <input type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p>

	<p>4.2 Are there any additional safeguards in place that provide for the Member’s overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe:</p>
<p>5. Funding Arrangements</p>	<p>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</p> <p>The AAAPVIM’s operating costs in relation to all its activities are currently funded by the Government of the Republic of Lithuania (through the Ministry of Finance).</p>
	<p>5.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>The AAAPVIM’s operating costs in relation to all its activities are currently funded by the Government of the Republic of Lithuania (through the Ministry of Finance).</p>
<p>6. Audit Market</p>	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</p> <p>There were 314 auditors and 153 audit firms registered in Lithuania at the end of 2023 year. The plans for annual quality assurance for 2023 are as follow: there are 25 auditors and 18 audit firms included in the annual plan of recurring quality review of the statutory auditors and audit firms carrying out statutory audits of non-public-interest entities, and 13 auditors and 4 audit firm included in the annual plan of recurring inspections of the statutory auditors and audit firms carrying out statutory audits of public-interest entities. There were approximately 182 public interest entities in the year 2023. The total number of audits performed in 2023 was approximately 4900.</p> <p>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</p> <p>According to the research done by the AAAPVIM in the year 2023, the Big6 were auditing most of 182 public interest entities in Lithuania (PWC- 31 %,</p>

	Ernst & Young - 11 %, KPMG - 21 %, Grant Thornton Baltic - 6 % Deloitte – 3 % and BDO 8%).
7. Inspection System	<p>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</p> <p>Annual plan of the recurring inspections of audit firms undertaking audits of public interest entities is prepared by the AAAPVIM division (different from inspection division). That plan includes names of the audit firms and the auditors. AAAPVIM director, after consultation with Audit Oversight Committee, confirms that inspection plan. Inspections are performed by the Audit oversight division. Inspections report is presented to the director of the AAAPVIM. If there were weaknesses of the audit quality or audit firm quality control system stated in the inspection report, inspection report and propose of sanction, if they are, are submitted to the Audit Oversight Committee. Final decision to impose sanctions takes director of the AAAPVIM.</p> <hr/> <p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>In the case of statutory auditors and audit firms carrying out statutory audits of public-interest entities, which are considered as large entities according to the Law of the Republic of Lithuania on the Financial reporting by undertakings (i.e. large undertakings shall be undertakings, at least two indicators of which exceed the amount of value of assets on the balance sheet – EUR 20,000,000; net sales revenue during a reporting financial year – EUR 40,000,000; the average annual number of payroll employees during a reporting financial year – 250 employees on the last day of a financial year) inspection shall be carried out at least every three years. In cases other than those referred above inspection shall be carried out at least every six years.</p>

	<p>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</p> <p> <input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body </p> <p> <input type="checkbox"/> Third Parties <input type="checkbox"/> Other </p> <p>Please explain below:</p> <p>Inspections are performed by the employees of Audit Quality Inspections Division of the AAAPVIM (i. e., inspectors). Inspectors must have appropriate professional education and relevant experience in statutory audit and financial reporting combined with specific training on quality assurance reviews and must be independent from auditor and audit firm.</p>
<p>8. Licensing</p>	<p>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</p> <p> <input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight </p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>In the area of the auditors' exams, the Committee of the Auditors' Qualification Examinations makes main decisions (approves programmes of the auditor's qualification examinations; approves tasks of the auditor's qualification examinations and the methodology of their assessment; approves assessment of the auditor's qualification examinations). The Minister of Finance of the Republic of Lithuania approves composition of this Committee. Practically, majority of the Committee are non-practitioners.</p> <p>The AAAPVIM oversees the performance of the Lithuanian Chamber of Auditors in the areas of granting, suspending and withdrawing auditor registration, organizing the auditors' exams, i.e. supervises the adoption of the decisions on the granting of the title of the auditor, on the issuing of the audit firm certificate and on its entry in the list of audit firms, the procedure of issuing the auditor's certificate and entry of the auditor in list of auditors; approves the areas where the auditor's qualification</p>

	<p>examinations shall be held, consider the applications of persons who failed to pass the examinations and disagreed with the assessment of their examination results. Practically AAAPVIM collects and analyses information, performs verifications, gives remarks and recommendations, might submit mandatory instructions to Lithuanian Chamber of Auditors on the development of performance of these functions, etc.</p>
<p>9. Registration</p>	<p>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p><i>Approval and registration of statutory auditors and audit firms is delegated to the Lithuanian Chamber of Auditors – professional organisation uniting all the auditors. Lithuanian Chamber of Auditors is responsible for granting, suspending and withdrawing auditor registration, organizing the auditors' exams. Since Lithuanian Chamber of Auditors is a professional organisation, practitioners from the audit profession are involved in decision-making.</i></p> <p>The AAAPVIM oversees the performance of the Lithuanian Chamber of Auditors regarding registration of the audit firms and auditors. Practically AAAPVIM verifies completeness and accuracy of the information published in the registers of the audit firms and auditors, inspect procedures done by the Lithuanian Chamber of Auditors granting, suspending and withdrawing auditor registration, inserting and deleting information concerned audit firms and auditors in the audit firms or auditors registers, gives remarks and recommendations, might submit mandatory instructions to Lithuanian Chamber of Auditors on the development of performance of these functions, etc.</p>
<p>10. Audits and/or Ethics Standard Setting</p>	<p>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p>

	<p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>AAAPVIM translates the Code of Ethics for Professional Accountants and international auditing standards into the Lithuanian language and publish them on its website until the international auditing standards are approved by the European Commission.</p>
11. Permanent Education / Continuous Training of Auditors	<p>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>Activity related to the <i>Permanent Education of Auditors</i> is delegated to the Lithuanian Chamber of Auditors. The Lithuanian Chamber of Auditor establishes requirements of qualification’s development courses of auditors (thematic division of mandatory hours, etc.), must organize the qualification’s development courses of auditors in the manner to ensure for the auditors the strengthening of theoretical knowledge and its application in practice according to the programmes prepared and agreed in with the AAAPVIM. The AAAPVIM oversees the performance of the Lithuanian Chamber of Auditors in this area, monitors the organisation of the qualification develop (performs verifications, gives remarks and recommendations, etc.).</p>
12. Enforcement	<p>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</p>

	<p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>If there are weaknesses of the audit quality or audit firm quality control system stated in the inspection or investigation report, inspection or investigation report and proposal to impose sanction are submitted to the Audit Oversight Committee for discussion. Final decision to impose sanction takes the Director of the AAAPVIM, after consultation with Audit oversight committee.</p> <p>The reports of the review of quality of non-public interest entities audit, prepared by the auditor controller under the Chamber of Auditors, are reviewed by the Audit oversight division of the AAAPVIM. If there are weaknesses of the audit quality or audit firm quality control system stated in the review report, review report and proposal to impose sanction, are submitted to the Audit Oversight Committee for discussion. Final decision to impose sanction takes director of the AAAPVIM, after consultation with Audit oversight committee.</p>
13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</p> <p>AAAPVIM is responsible for setting guidance's for auditors, who carry out inspection of regulated water supply, waste collection, electricity, gas and heating activities and for investigations of these aforementioned inspections.</p>
14. Main Other Responsibilities of the Member outside the area of Audit Oversight or Audit Regulation	<p>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</p> <p>The AAAPVIM is responsible for application of national accounting standards, implementation of the state policy in property, business valuation and in insolvency management (bankruptcy and restructuring, bankruptcy of natural persons areas.</p>
15. Member Update for public information (if any)	<p>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>

	<p>Having intention to strengthening cooperation and interactions with Audit Committees, AAPVIM has issued practical guidance on Audit Committees work organization. These guidance covers topics, like practical solutions/ tips for forming Audit Committees, organizing their work, considerations on fulfilling Audit Committees duties regarding appointment of audit firm, monitoring audit and financial reporting processes, risk management, etc.</p>
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